

Swedbank



Analysis of the Commercial Real Estate Market

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Swedbank Real Estate Analysis March 2025

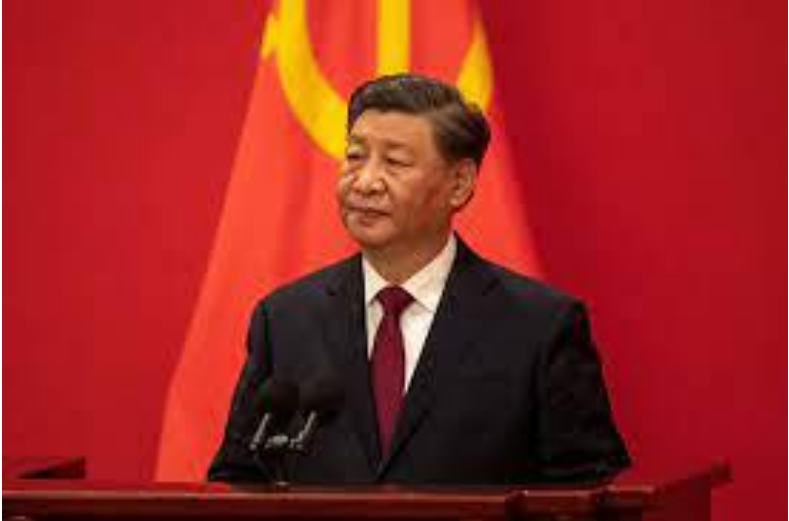
Key topics – Impact on RE markets

- Geopolitics
- Demography
- Inflation
- Interest rates
- ESG
- Digitalization & AI
- Summary

**World on
the edge**



Leaders?

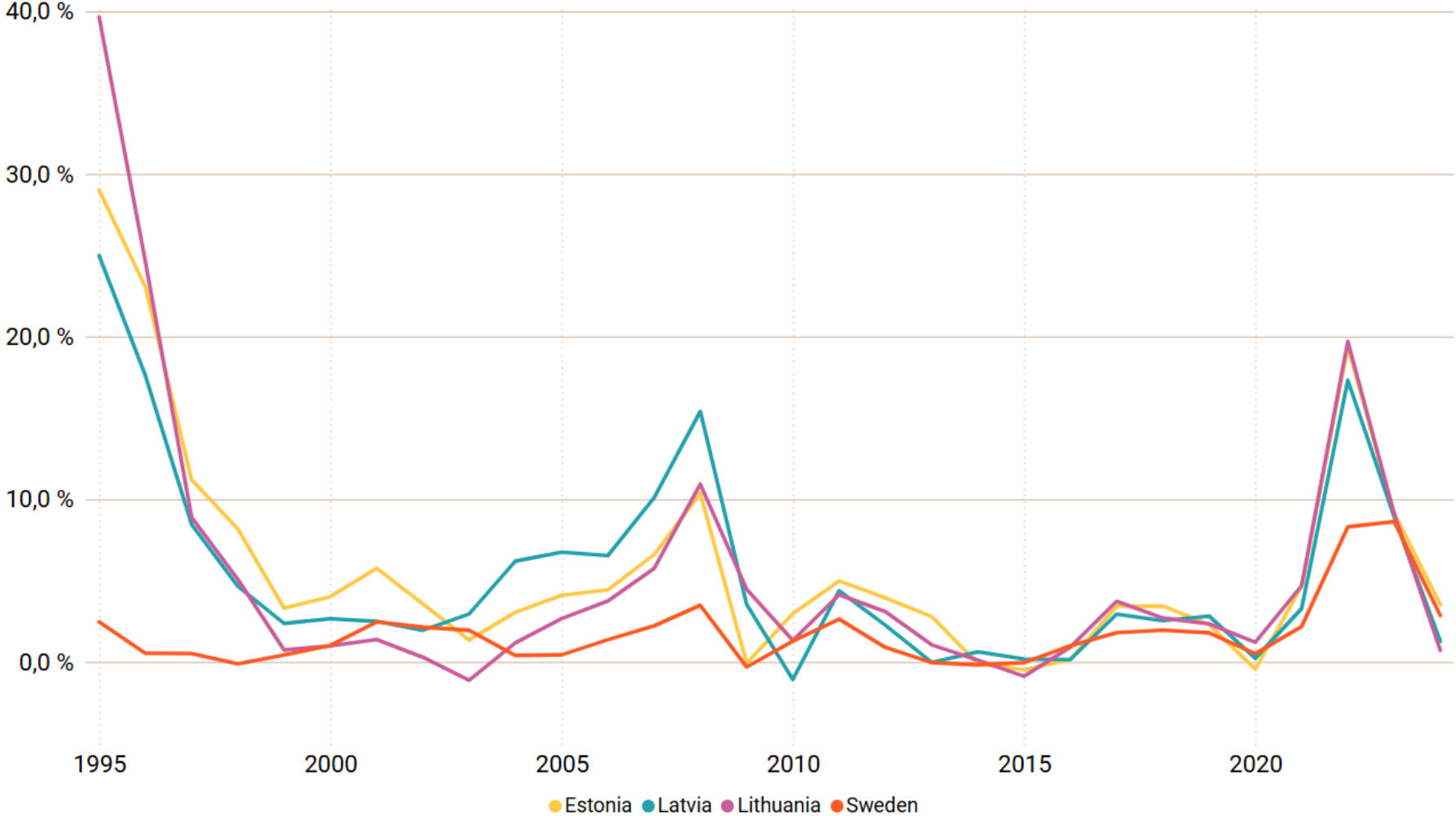


Interest rate development 1995-2025



Inflation 1995-2025

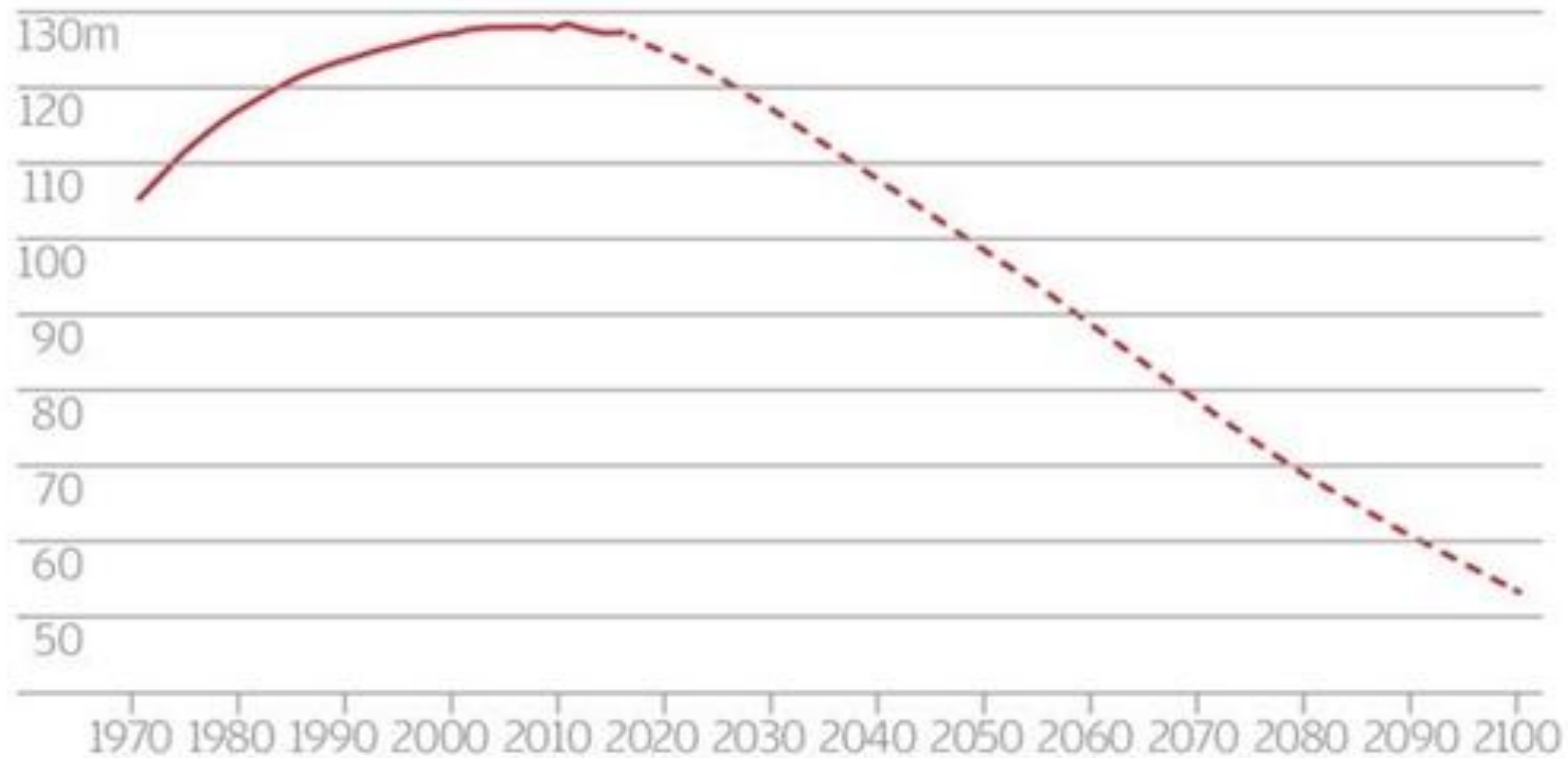
Consumer Price Index, annual change in %



Population forecast Japan 2100

Terminal decline?

Gloomy government projections shows the population falling to 52million by the end of the century

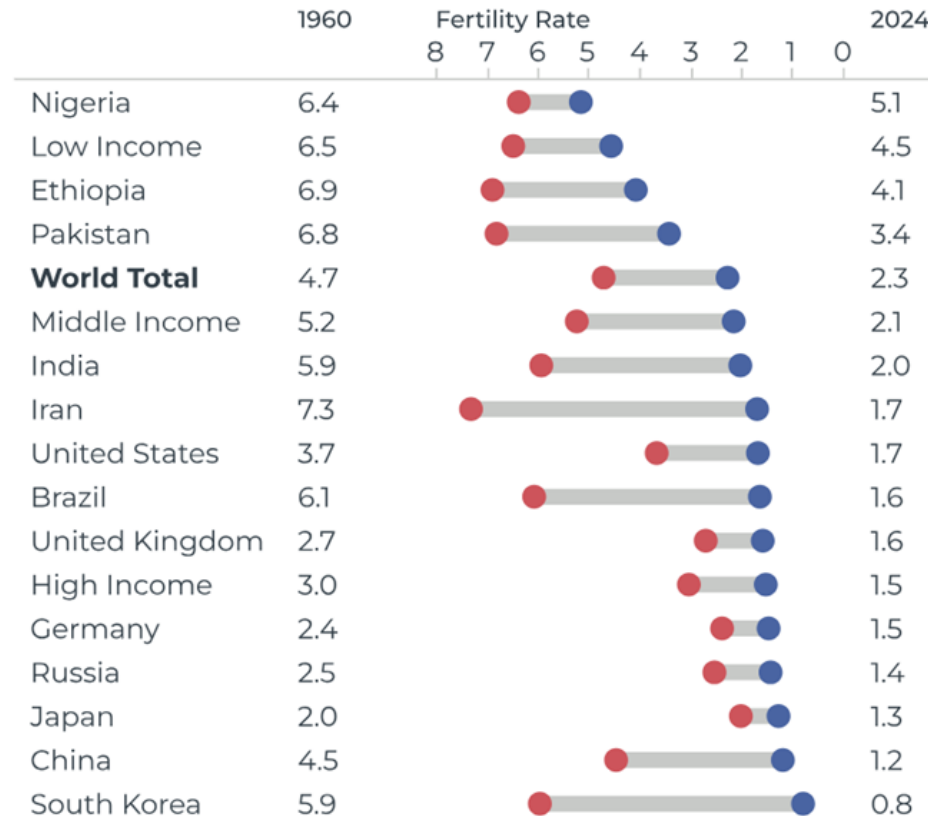


Source: Gavekal Data/Macrobond

SCMP

Falling birth rates and aging populations pose risks to global economies

Global fertility rates



Source: World Bank

● 1960 ● 2024 (forecasted values)

The 22nd Annual GQ Awards Special Issue

BRITISH

GENTLEMEN'S QUARTERLY

OCTOBER 2019

Greta Thunberg

Game Changer
Of The Year



Valuation, ongoing...

- The valuation standards are being up-dated to include ESG data.
- Searching for valuation systems that, in addition to market data, have ESG data.
- Focus on energy performance and plan for moving to a better energy performance class.
- Regular meetings with external valuers – discussing ESG-challenges.
- <• Frustration among some real estate companies – ESG investments do not affect the value in relation to their investments.
- **Examples of ESG-factors that affect value:**
 - A high energy performance and energy use
 - Environmental certification
 - Climate related risks
 - Contaminated land - decontamination
 - Social sustainability (safety and attractiveness)
 - Cost of ESG-investment

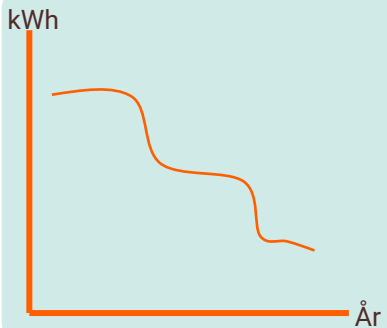
EPBD - The Energy Performance of Buildings Directive is updated!



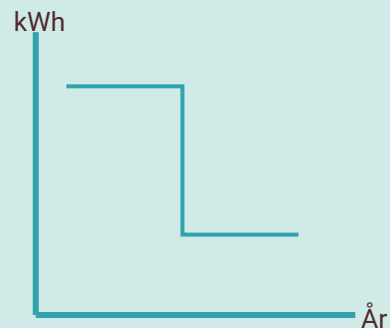
- Overall goal: Achieving a zero-emission building stock by 2050



- All new buildings must be emission-free by 2030



- Existing residential houses (base year 2020), average energy consumption must:
 - By 2030 be reduced by 16%.
 - By 2035 be reduced by 20–22%.
 - 55% of the energy reduction is through renovation of the 43% worst performing buildings.



- Member states shall ensure, at least, that all non-residential buildings are below (base year 2020):
 - the 16% threshold from 2030.
 - the 26% threshold from 2033.

Digitalization and AI

- Already today used in the valuation process
- Compilation and analysis of data
- Can valuation reports be produced with AI?

Ask ChatGPT

Question:

- How will Donald Trump's presidency affect RE markets in the Nordic region?

Answer:

- Global interest rates might be affected which in turn might impact real estate prices and investment patterns.
- If Trump introduces trade or economic policies, it can affect international relationships which could lead to destabilisation of the overall economy and subsequently affect real estate investments in certain regions.
- American investments in European real estate assets might decrease.
- Shifts in U.S. security policy impacting Europe could influence market confidence and thus real estate prices.

YOUR PLAN



REALITY



Summary and conclusions

- RE market has stabilized
- Investor confidence and market activity is back, almost...

- But:
 - Many Black Swans
 - Increased uncertainty coming years
 - Volatile real estate values and markets
 - Increasing focus on ESG and AI

- Real estate markets tend to be slow-moving, robust and resilient

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