

Real Estate market 2025-04

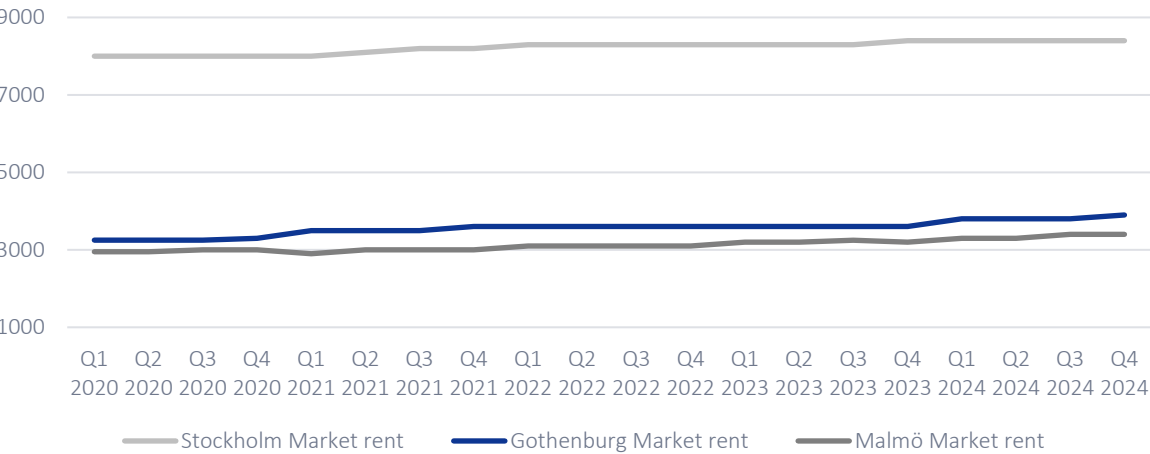
The Swedish economy is currently in a prolonged recession, characterized by high inflation and uncertainty regarding future economic developments, which continue to restrain both consumption and investments. Geopolitical and uncertainties regarding the trade policy in the global environment are also expected to hamper the pace of recovery. Labor market demand remains weak, and unemployment levels are high.

Inflation in Sweden has remained elevated in the early part of the year, and the Riksbank anticipates that it will exceed the target slightly during 2025. Inflation is expected to stabilize around the target level in 2026. While household sentiment was strong at the end of 2024, confidence has since declined, and expectations have become less optimistic. The Riksbank has gradually eased Swedish monetary policy. The interest rate cuts have had a positive impact on the Swedish economy, although their full effects have yet to materialize.

There are several uncertainty factors that will influence the Swedish real estate market in short term. Among these are the decline in the long-term market interest rates and increased forecasts for further rate cuts, which provide incentives for a stronger real estate market over the year. However, if the stock market downturn continues, there is a risk that listed companies will become more passive on the buying side.

There are several signs of strength in the real estate market. Among other things, transaction volumes continued to rise during the first quarter of 2025. The volume for the quarter also exceeds the ten-year average, something that has not occurred in three years. Furthermore, the share of purchases by listed Swedish real estate companies is increasing. In the short term, these listed companies have outperformed general market indices; however, over the longer term, real estate stocks have underperformed and declined by just over 10% since the beginning of the year.

Market rents office, CBD



Transaction volume in Sweden (SEK billion)

