

# Niam Nordic Insights



**NIAM**

# The Nordic region – a beacon of opportunity

■ As an American who has lived in Sweden for over 20 years, I have gotten used to many aspects of life in the Nordics. Amidst ongoing political turbulence across the world, I have come to realize how deeply I value the economic and political stability offered by the Nordic region. Strong governance and predictability in these countries make them attractive destinations to live. These aspects also make them attractive destinations for real estate investment.

Despite occasional challenges related to interest rate sensitivity or currency volatility, the Nordic countries present abundant opportunities across the real estate market. With their stable population growth, low public debt and world-leading position in sustainability and innovation, these countries offer ideal environments for forward-thinking investments.

While equity markets have made a quick rebound the longer-term real estate investments are likely to yield even stronger returns over time. Even amidst global uncertainties, the Nordic region remains

a beacon of stability and opportunity, and offers compelling opportunities for investors seeking to build resilient portfolios in the ever-evolving real estate landscape.

Jennifer Andersson  
Managing Partner, Niam



# Macroeconomic trends

The Nordic countries have demonstrated resilience, amidst economic challenges in 2023. Inflation has peaked and there has been a notable decline throughout 2024, a trend that aligns with the broader European context. In contrast, the US has experienced more persistent inflation, partly due to the strong labor market that shows no signs of slowing down. This has raised further uncertainties regarding future rate cuts by the Federal Reserve.

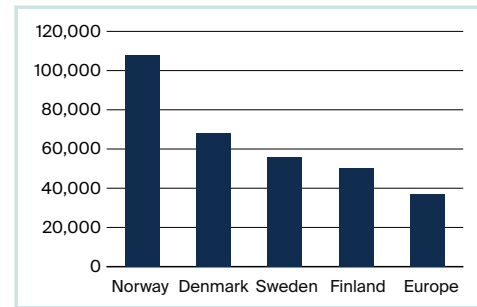
Given the more favorable outlook in the Nordics and Europe, the European Central Bank (ECB), along with the Nordic central banks, is anticipated to cut rates in the summer. This is set to be followed by approximately 2-3 additional cuts by the end of 2024.

Economic performance across the Nordic region has been mixed in 2023. GDP growth rates declined in Sweden and Finland, whereas Denmark and Norway experienced growth. The outlook for 2024 suggests a mild recovery for the Nordic countries with full recovery expected in 2025.

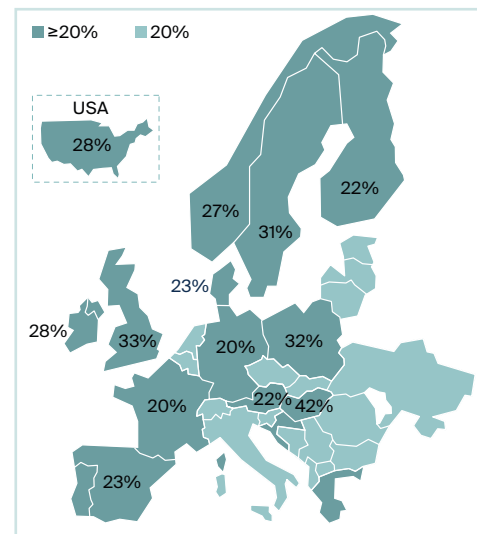
The Nordic economies are dynamic and could face a strong potential upside, should rates be cut. This is because of the high degree of floating interest rates which both private consumers and companies have on their mortgages and other loans.

Mortgage rates are a significant expense for households globally. In Sweden, many borrowers choose variable rates, adjusted every three months based on the central bank rate. This allows for quicker reductions in monthly payments after rate cuts. Such flexibility is expected to boost households once rate cuts take effect, unlike in countries like the USA where 30-year fixed-rate mortgages are common.

GDP per capita 2022



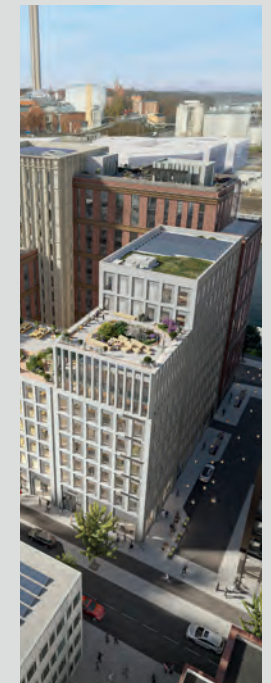
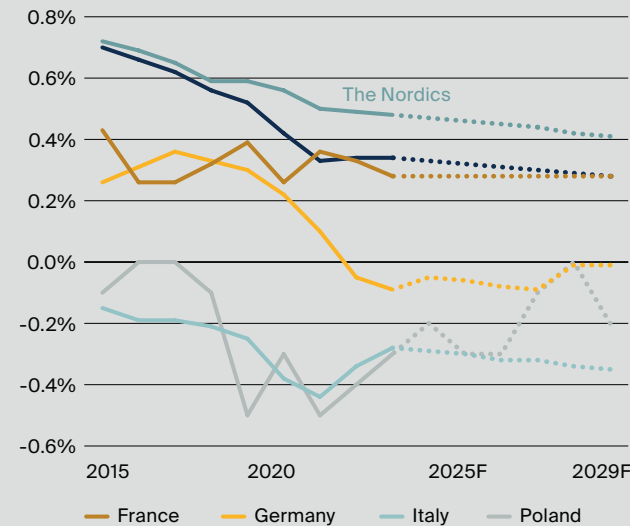
GDP growth 2023 - 2029F



## Stable population growth in the Nordics

- Demographic growth in the Nordic countries, driven by higher life expectancy and immigration, has ensured sustained demand for real estate. However, limited availability and rising mortgage rates have strained the housing market. The construction downturn in 2023 increased willingness to pay for rental housing, reducing vacancy rates.
- Despite a slight GDP dip in 2023, the Nordics have seen sustained economic expansion, attracting businesses due to stability, welfare systems, and educated working populations. Urbanization has fueled demand for housing and office space, with occupancy rates rebounding post-pandemic.
- Nordic cities' unique urban design, incorporating offices, housing, and amenities, fosters vibrant urban life. Robust public transport networks enhance accessibility. This clearly contrasts with North American city centers, dominated by offices and lacking mixed-use development, leading to vacant spaces and reduced appeal.

Population growth 2015-2029F



# Outlook

## Nordic logistics market offers opportunities

The Nordic countries have some of the lowest stock of modern logistics sqm/capita in developed Europe. New supply is limited due to higher interest rates and construction costs. With strong e-commerce trends and significant adjustments in ongoing yields, logistics located in Sweden's logistics triangle in the right locations remain an interesting area for opportunistic investors.

## Nordic residential sector faces supply pressure amid high demand

The residential sector is expected to stay stable due to strong demand fueled by positive demographic trends in the Nordic countries, ensuring its long-term viability. However, the recent slowdown in residential construction will maintain pressure on existing inventory as supply remains limited. Despite occasional increases in vacancy rates, the residential shortage prevalent in the Nordic countries, resulting from limited construction, will sustain high demand.

## High office demand and returns in Nordic cities

The Nordic culture promotes dual income families and flexible working environments which existed prior to the pandemic. This, in combination with strong urbanization trends, means that office is still in demand by the users. With limited new net supply available, there is a continued strong supply/demand balance in the Nordic capitals and largest cities. In the current investment market, with limited buy-side competition, office yields in prime locations have shifted where strong returns can be achieved with low risk of vacancy and inflation-indexed leases.

## Sweden's retail sector flourishes as household economics improve

The improvement in household economics has propelled gains in the retail sector, as evidenced by revenue figures from selected shopping centers in Sweden between 2019 and 2023. With 2023 levels surpassing those of 2019, it signals an optimistic outlook for both households and the retail segment. This trend underscores the resilience and adaptability of retail. The prominence of the industrial segment in recent years is also a result of the demand stemming from a robust household economy.

## A simplified property cycle

Inflation, rising vacancy rates, and a decline in transactions have contributed to a hesitant market. The economy has been experiencing a downward trend, with GDP indicators in many cases pointing to a recession. More normal conditions are to be expected in the second half of 2024, which should lead to a recovery across the real estate market thereafter.



Property cycles typically span 8-12 years to complete all four phases

# Niam in brief

Niam has developed from a real estate fund manager, founded in 1998 in Stockholm, to a diverse company with three platforms: Real Estate, Infrastructure, and Credit. Our geographical reach includes Sweden, Finland, Norway, Denmark and Luxembourg, with our headquarters located in Stockholm.

Niam's performance can be attributed to its strong team of over 100 professionals working across the four Nordic markets, sourcing, managing and improving assets to increase the value for our investors while delivering future-proofed buildings for our society.

Niam Real Estate is our longest-running business with a strong 25-year track-record. Our property portfolio includes e.g. offices, residential, retail, logistics, industrial buildings and warehouses. Properties are located in Sweden, Denmark, Finland, Norway and Poland. We have invested more than €12bn in Nordic real estate since inception.

Niam Infrastructure focuses on investing in sustainable infrastructure within renewable energy, transport and telecom. The platform's first fund concentrates on small to medium-sized investments with a focus on asset aggregation and risk reduction, primarily in sustainable infrastructure.

Niam Credit is the largest alternative real estate lender in the Nordics and offers credit solutions across all commercial real estate segments. Niam Credit's sustainability strategy is to finance the decarbonisation and sustainability transition of the real estate sector. Existing active funds are classified as Article 8 – promoting environmental and social characteristics.

# 4.6

€ bn

Asset under management (AUM)\* as of Q1 2024

- Niam Real Estate AUM ~€2.6 bn
- Niam Infrastructure AUM ~€0.1 bn
- Niam Credit AUM ~€1.9 bn



## Excellent Experience

Niam is one of the largest and most experienced Investment Management teams in the Nordics, with local presence in all key markets and a strong track record of execution

## Local Investment Management Teams

Driving local value creation, acquisition, asset management and financing with local expertise

## Centralized Project Development Team

In-house specialists to further enhance value creation

# 106

106 employees working across European borders, with a local presence in and outside the Nordics



Offices in Denmark, Finland, Luxembourg, Norway and Sweden

**NIAM**  
REAL ESTATE

**NIAM**  
INFRASTRUCTURE

**NIAM**  
CREDIT



## Sustainable actions deliver results

Sustainability is part of our strategy from day one. Our sustainability plans are an integral part of our investment process which results directly on our real estate, infrastructure and the environment.

## Contact

For further information or questions, please contact:  
Louise Frankenberg, Investor Relations & Business Development, Niam  
+46 73 619 29 51, [louise.frankenberg@niam.com](mailto:louise.frankenberg@niam.com)  
[www.niam.com](http://www.niam.com)



\* AUM is defined as net asset value of our fund(s) + any remaining undrawn capital