



JLL – Market Outlook & Nordic Self Storage in 2024



JLL's Operational Real Estate Expertise



JLL Valuation

A Specialist team in London working with local teams across 16 European countries. The JLL Alternatives team value more than 600 self storage assets on an annual basis giving them a unique insight into the trends in the self storage sector. The Self Storage Valuation team have provided valuation advice on more than £7 billion of Alternative assets to date.



Global Coverage

The EMEA team have strong connections with their US, Asian and Australian counterparts giving them a unique insight into how self storage and other alternative markets evolve in more mature markets.



Capital Markets

JLL has a Capital Markets team focusing on self storage transactions across EMEA. Our investor contacts stretch across the established UK players, but also new entrants from the USA, Asian and Chinese markets. As well as established international investors, our reach also includes a number of the PE and Institutional investors to whom we have promoted self storage as an opportunity



JLL OpRe

The scale of investments in Alternatives continues to grow, with investment volumes exceeding £16.3bn in 2019. JLL's market share was 32%. JLL Alternatives covers many sectors including data centres, self-storage, retirement living, student housing, hotels & healthcare



Research

We are particularly proud of our authorship of the FEDESSA European Self Storage survey since 2015. We also provide in depth market reports focusing on specific countries giving investors insight into key benchmarks, returns and operational performance of the sector. Due diligence studies down to catchment level is also covered



JLL Sustainability

JLL was the first property consultancy in the UK to commit to the World Green Building Council's net zero carbon buildings commitment. Our business has helped clients achieve a record 254 sustainable building certifications, covering over 98 million sq ft of floor space, also a record.

Your dedicated self storage valuation team

European Self Storage Leads



Ludvig Engwall
Self Storage Specialist
Nordics
3 years experience



Gaston Blondeau
Self Storage Lead
Southern Europe
5 years experience



Robert von Strachwitz
Self Storage Lead
Germany
8 years experience



Wessel Doldersum
Self Storage Lead
Netherlands
16 years experience



Riccardo Bianchi MRICS
Head of Valuation
Italy
18 years experience



Wojciech Kaczmarczyk MRICS
Self Storage Lead
Poland
7 years experience



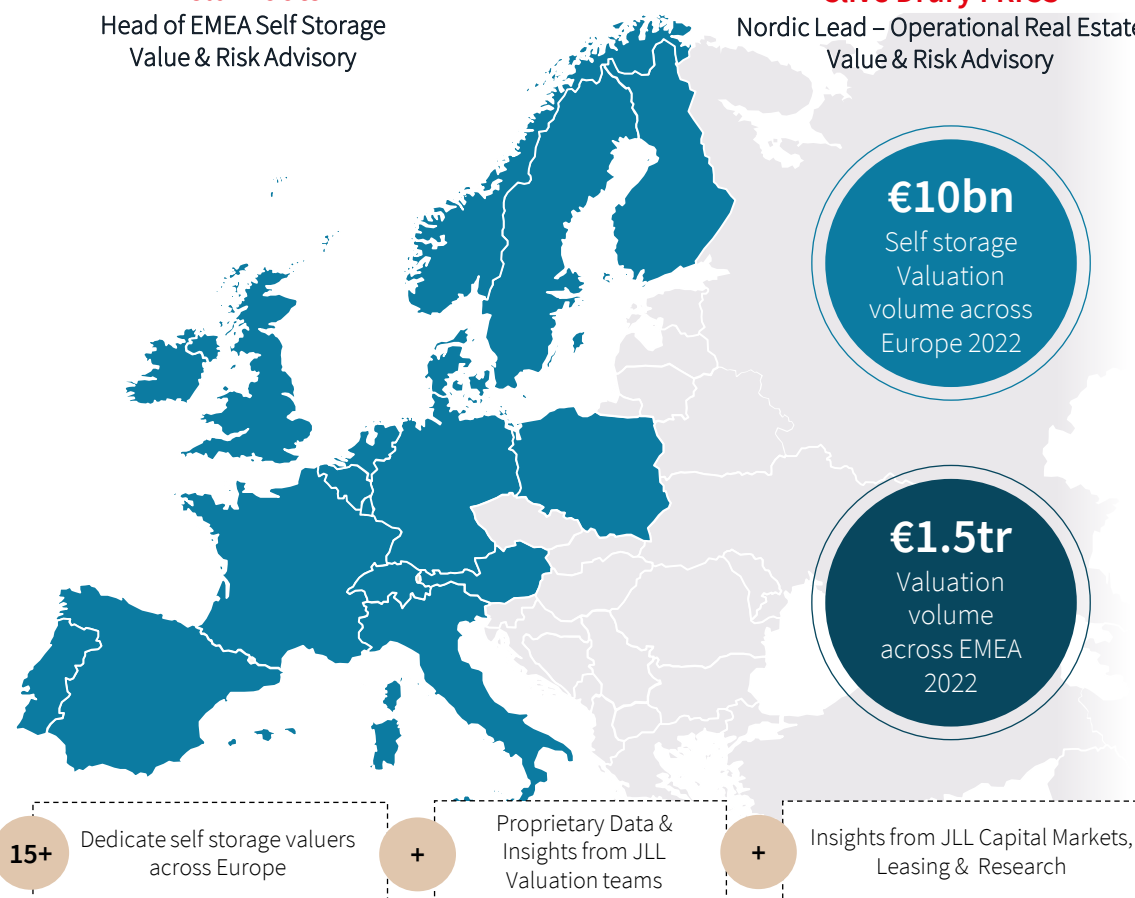
Izeldi Loots
Head of EMEA Self Storage
Value & Risk Advisory



Clive Drury FRICS
Nordic Lead – Operational Real Estate
Value & Risk Advisory

Specialist Team Leads

Trends & Insights



Ross Petar MRICS
EMEA Head of Operational Real Estate
Value and Risk Advisory
Sector trends and governance
21 years experience



Tom Caines
EMEA Head of Self Storage Capital Markets
Self-storage market activity
11 years experience



Penny Bell
Director Capital Markets, EMEA
Self storage market activity
6 years experience



Brad Greenway
Co-Head of Debt, Capital Markets
Debt market insights
10 years experience



Emily Chadwick MRICS
Head of ESG & Risk - Valuation
Sector expertise in impact of ESG on value
7 years experience



Our EMEA track record and key clients



>600

Self storage assets valued each year



>€2bn

Self storage investment sales transactions in EMEA



>€1bn

Self storage Debt & Equity placement transactions in EMEA

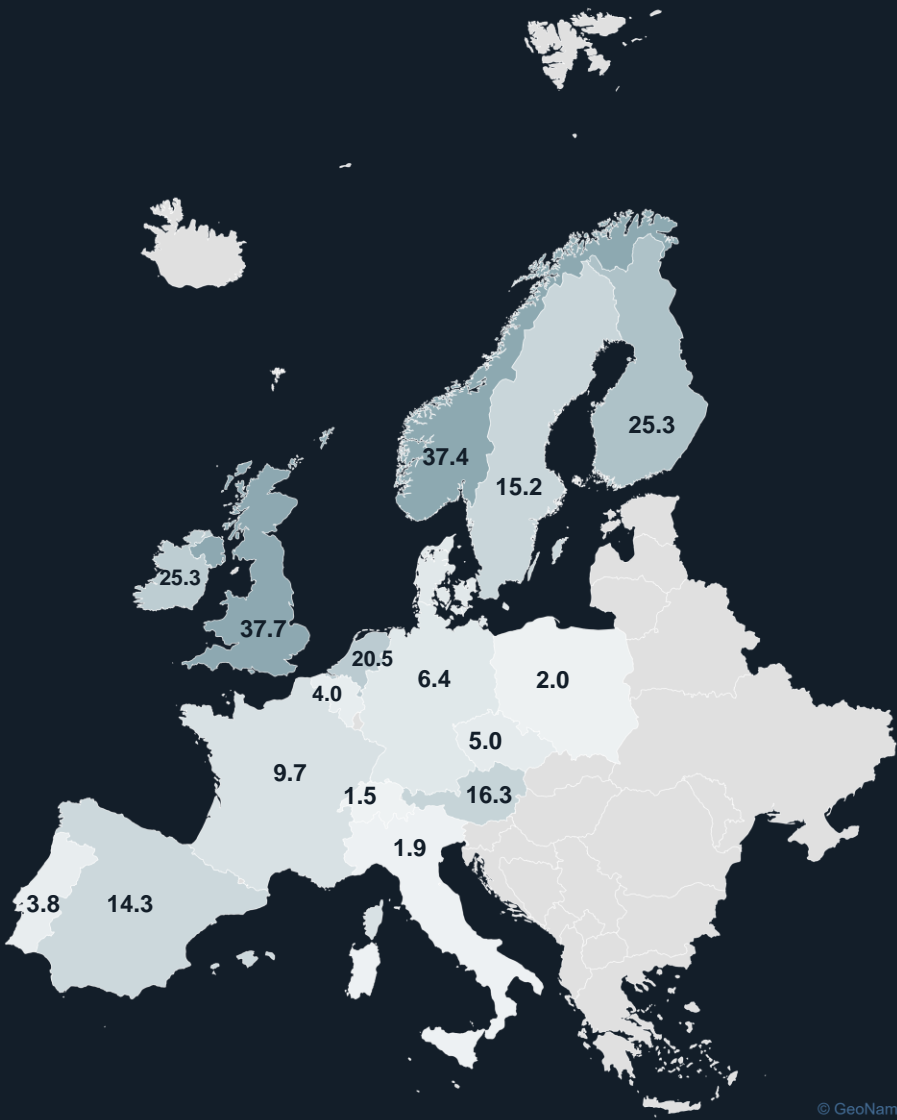


Our **One JLL** initiative means we are committed to a mission of valuing your assets with consistency. This borderless approach ensures the same level of quality in all sectors and geographic regions.

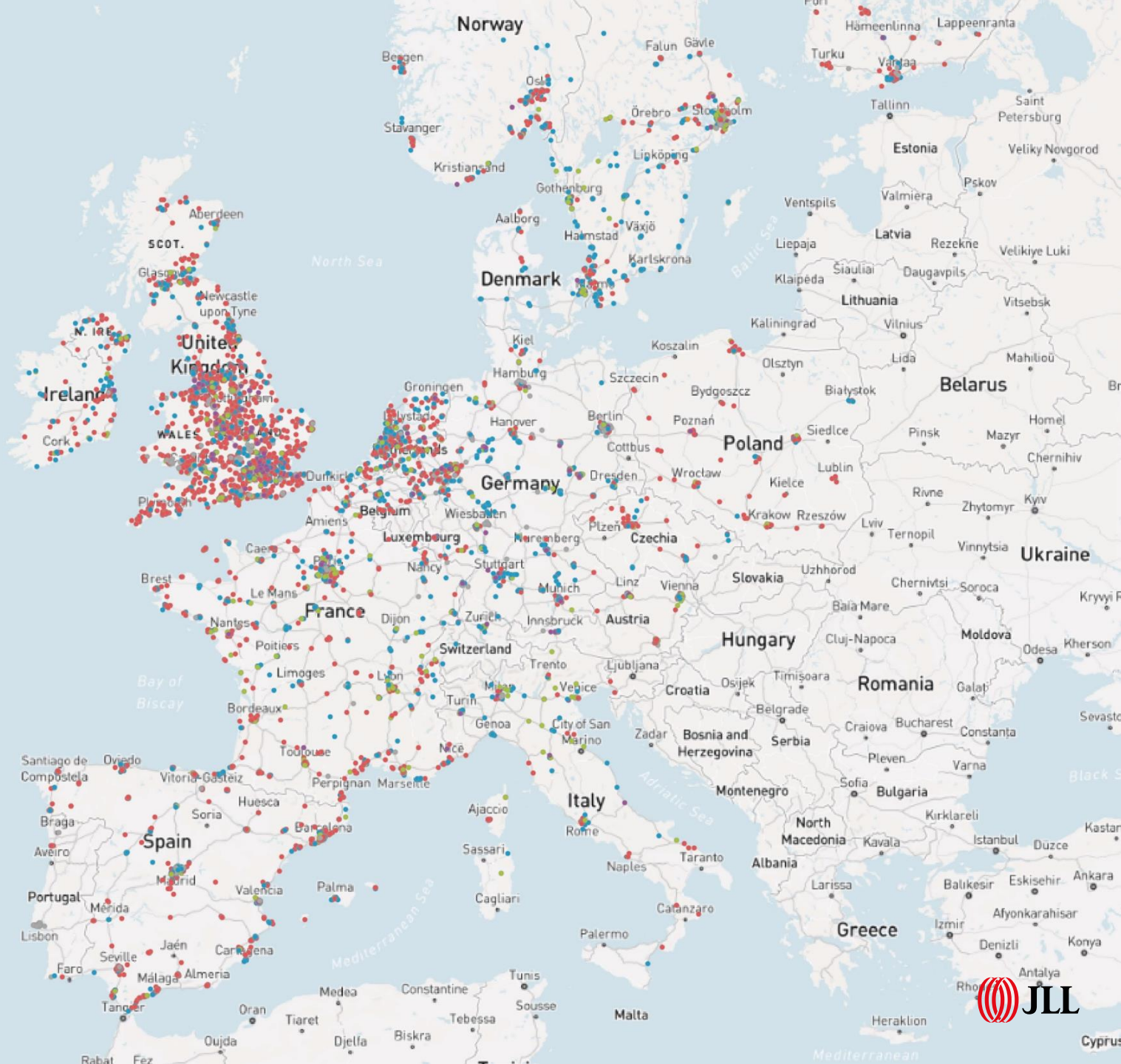
None of our core clients account for more than 5% of our revenue in EMEA



JLL European Coverage

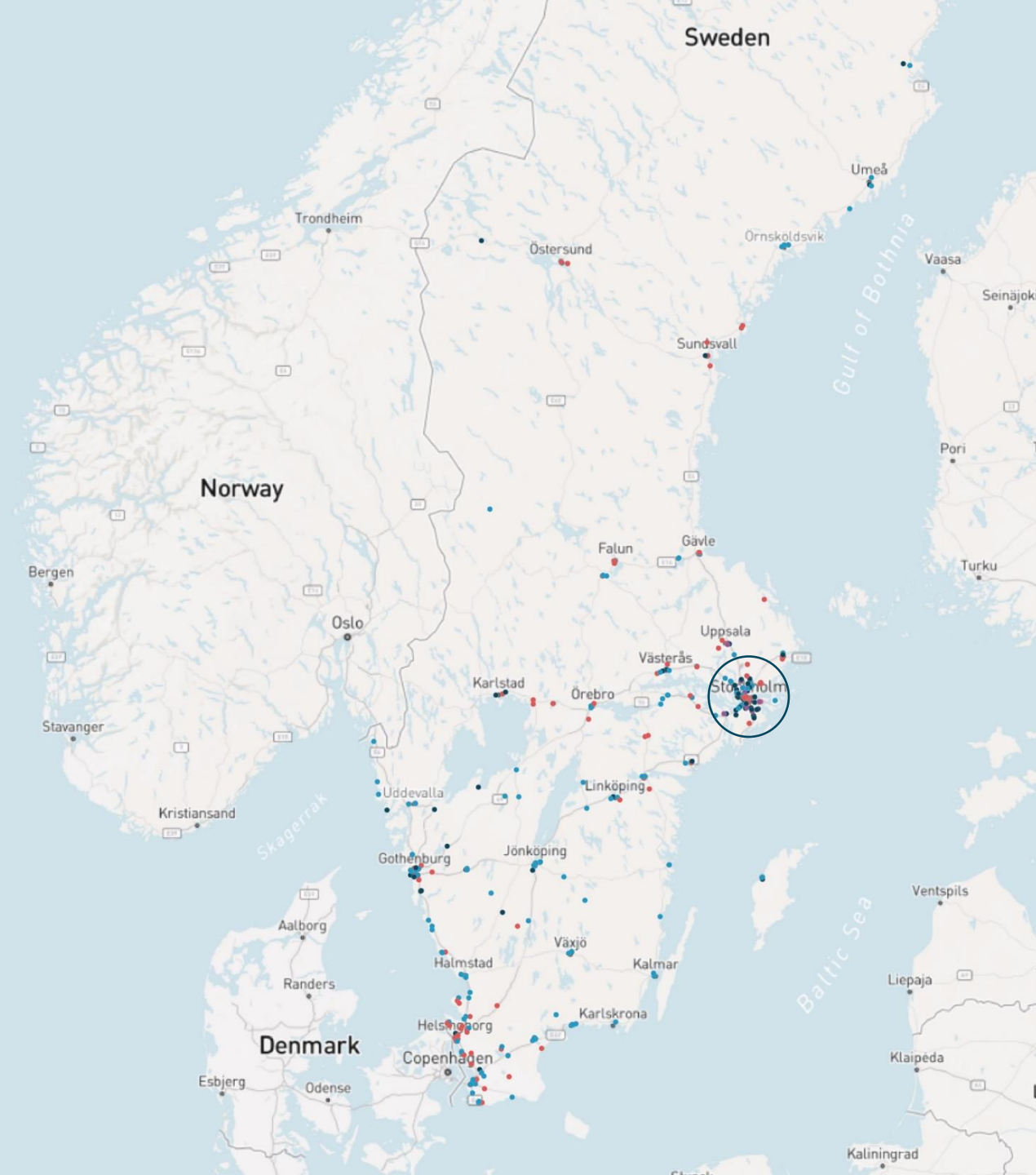
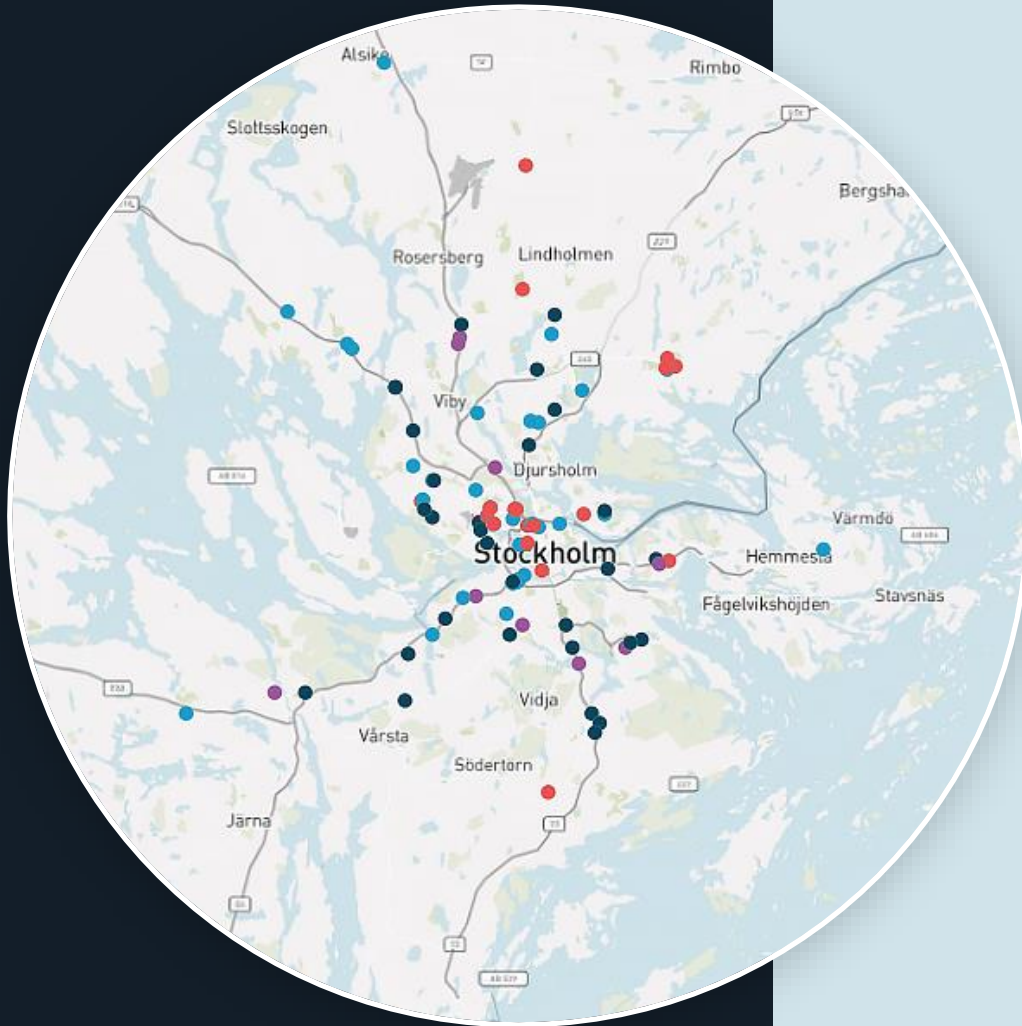


© GeoName



Coverage in Sweden

Updated Database of Stores



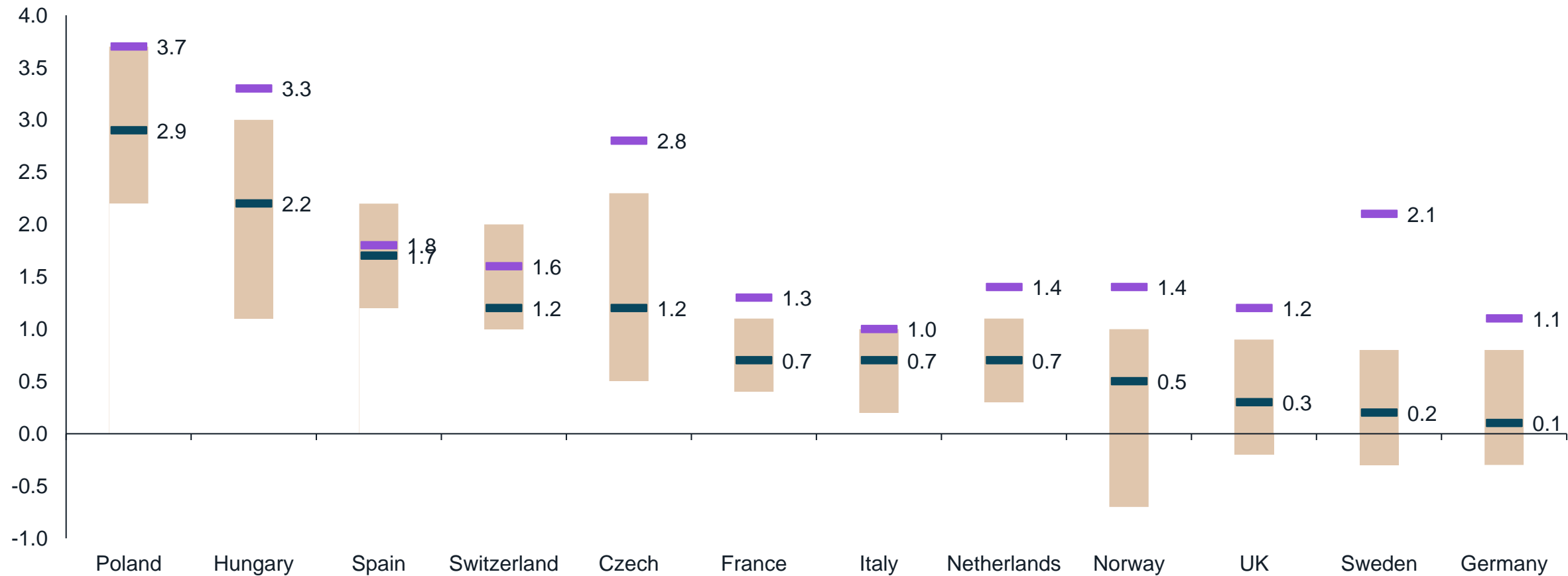


01 EMEA Economics

Growth | 2025 - a better year than 2024?

GDP growth rates next year look like they will surpass those this year

2024 and 2025 GDP forecast (% YoY)



Source: Consensus Economics, April.
8 | © 2024 Jones Lang LaSalle IP, Inc. All rights reserved.

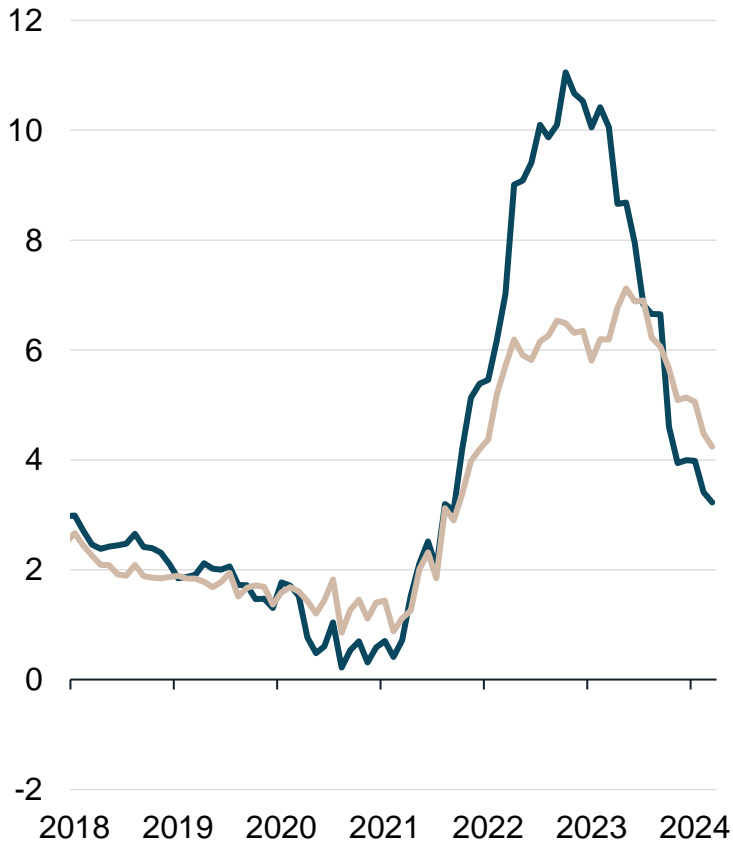
2024 forecast range 2024 median forecast 2025 median forecast



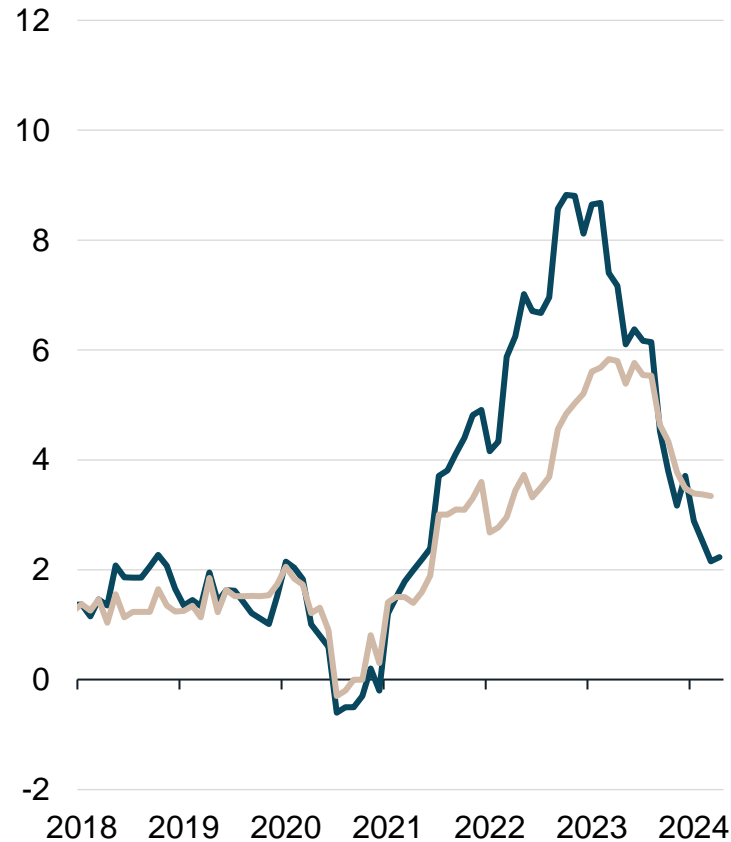
Inflation | Core inflation is falling alongside headline inflation

Falling core inflation increases the likelihood that underlying price pressures are leaving the system

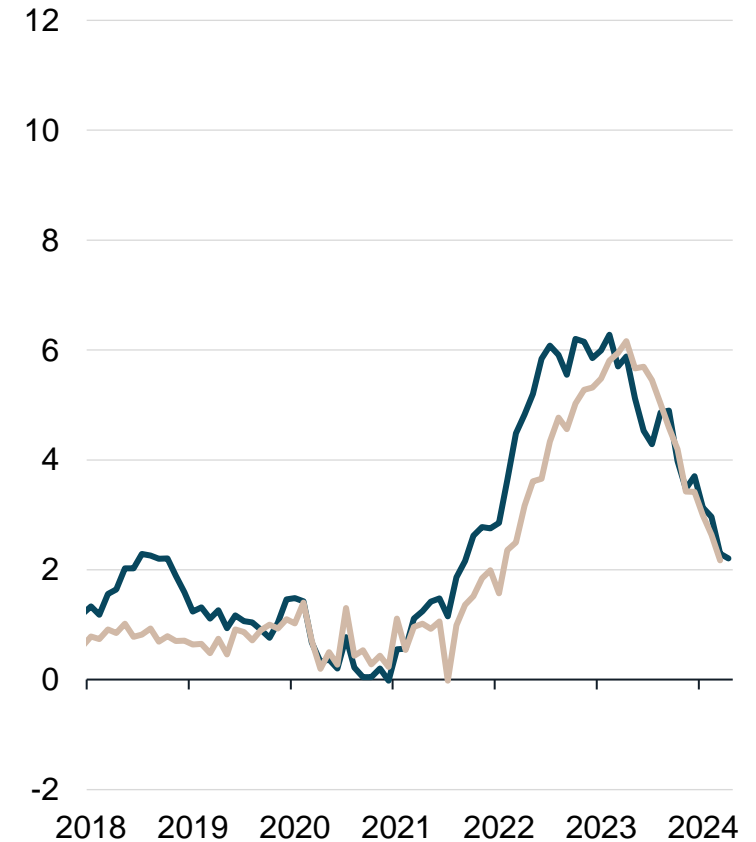
UK inflation
(% YoY)



Germany inflation
(% YoY)



France inflation
(% YoY)



Source: Refinitiv. Data to March/April 2024.

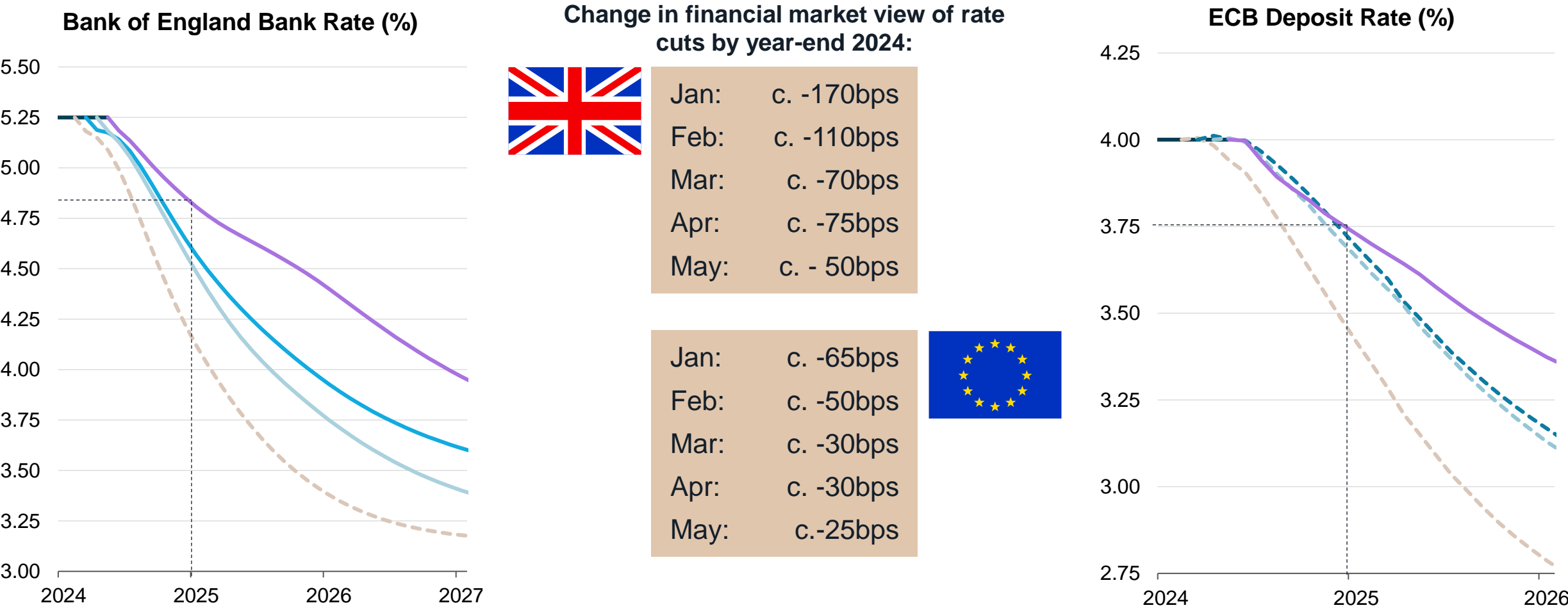
9 | © 2024 Jones Lang LaSalle IP, Inc. All rights reserved.

— Headline inflation — Core inflation



Rates | Markets are now pricing in fewer cuts this year

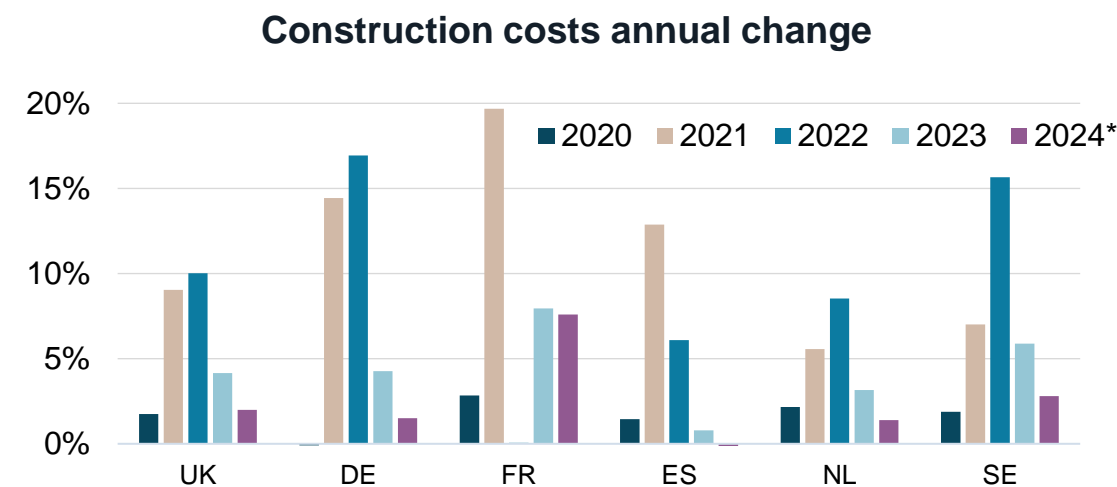
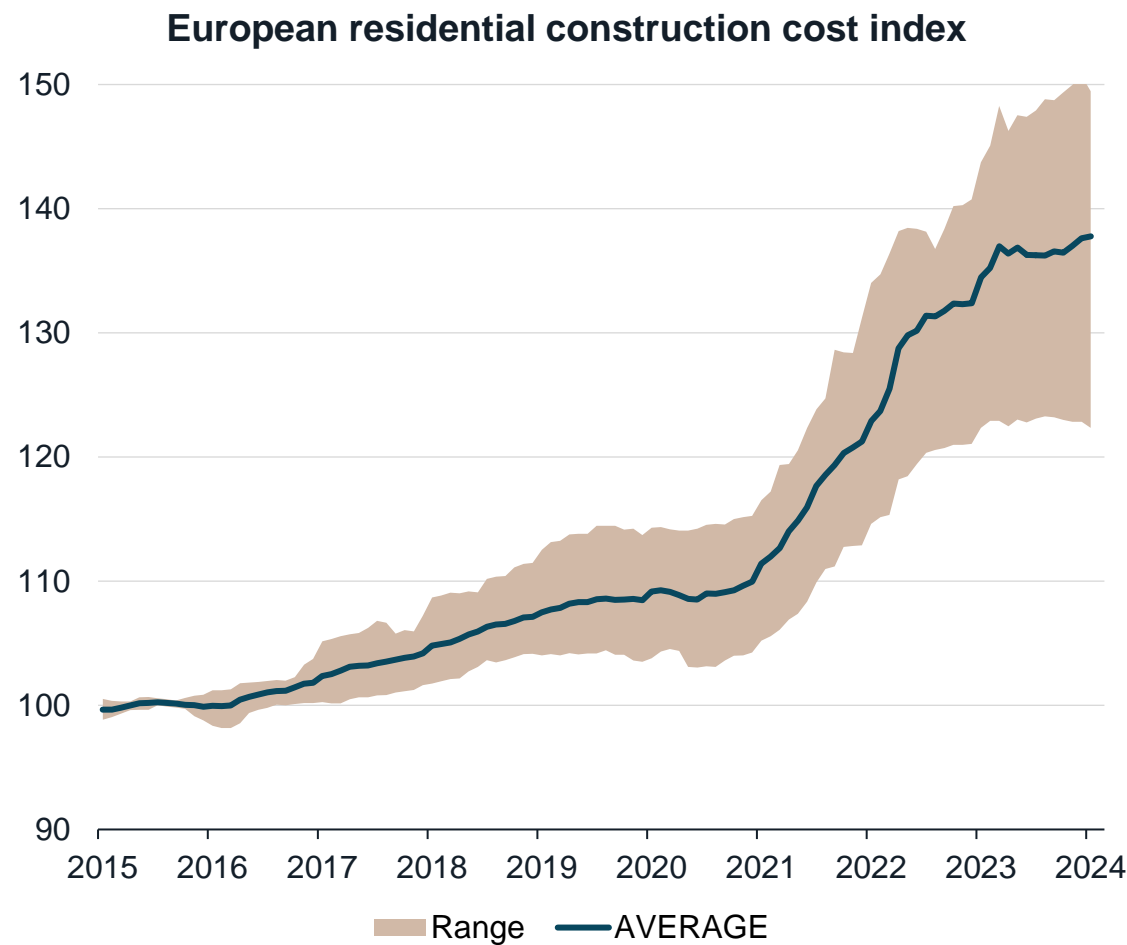
Sentiment has shifted again to fewer cuts and a later start to the cutting cycle



Source: Refinitiv, JLL. Based on OIS rates.

Construction | Cost inflation begins to subside

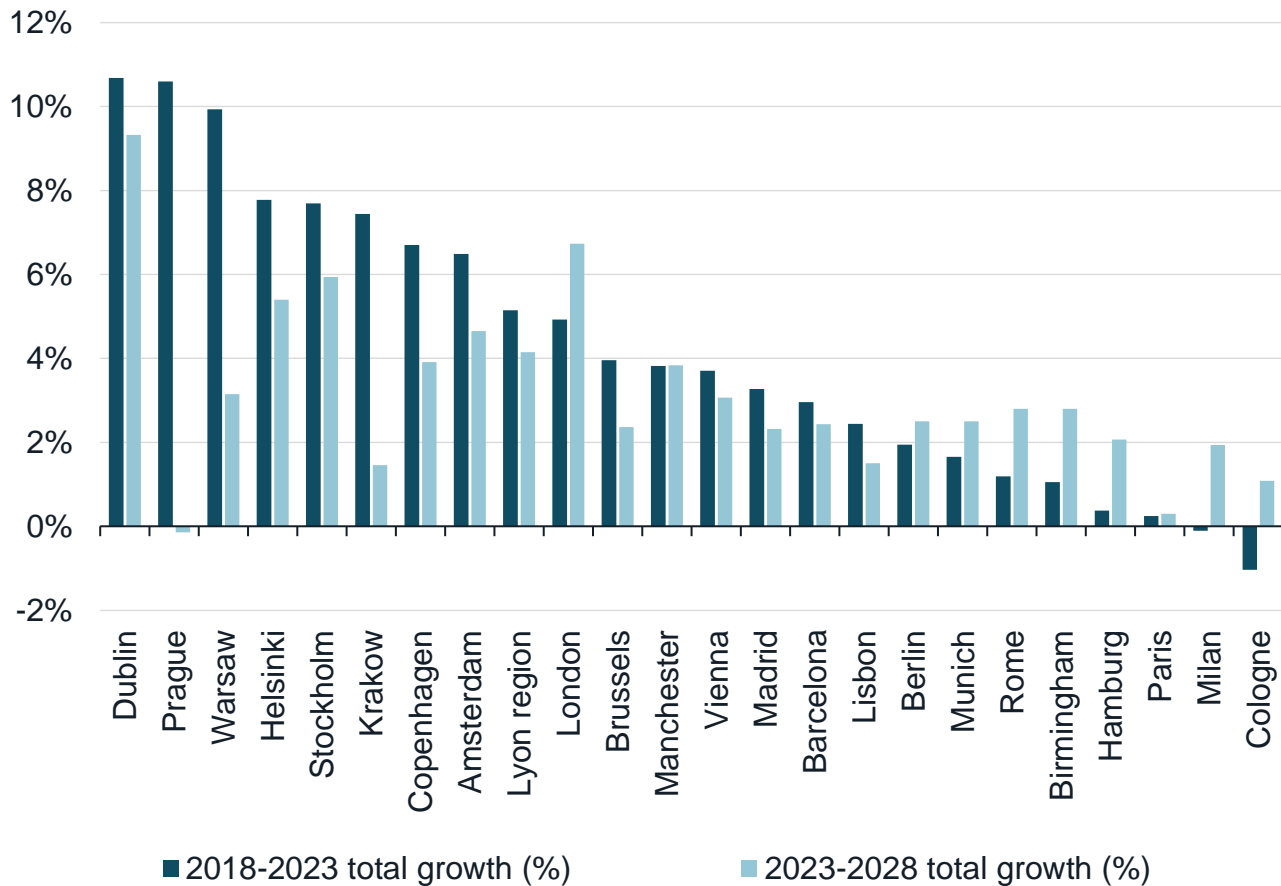
Average costs grew by 2.5% annually at the start of 2024, compared to 9.7% at the start of last year



Living | Growth in number of households to deepen housing shortage

Largest European cities forecast to grow by 800,000 households over five years

Growth of number of households



Housing completions stagnate due to high costs

+30% Construction costs have risen by more than 30% since 2020.

-30% Residential permits were down 30% on average.

-20% Housing completions fell by 20% in **2023** compared to 2022.

-10% Housing completions are expected to fall by a further 10% in **2024** compared to 2023.

53% Key European markets, such as France, Germany and the UK, are meeting just over half of their housebuilding targets.

Outlook | Key themes

- **Inflation** is low and falling, but not as fast as expected. Concerns about the re-emergence of inflationary pressures have resurfaced, but these are largely over-done. Inflation is unlikely to be a threat to activity in Europe over the next few years.
- Expectations for **interest rate** cuts have been scaled back. Cuts are still expected this year in Europe but no longer in the US. Market rate views are hyper-sensitive to emerging data, so further gyrations in expectations is the only guarantee.
- **Growth** in 2024 is likely to be similar to 2023: meaning a weak outturn overall. Momentum is forecast to build and 2025 will see a faster pace of expansion – but this view is predicated on falling inflation and interest rates. If they remain high, the growth outlook could be revised down.



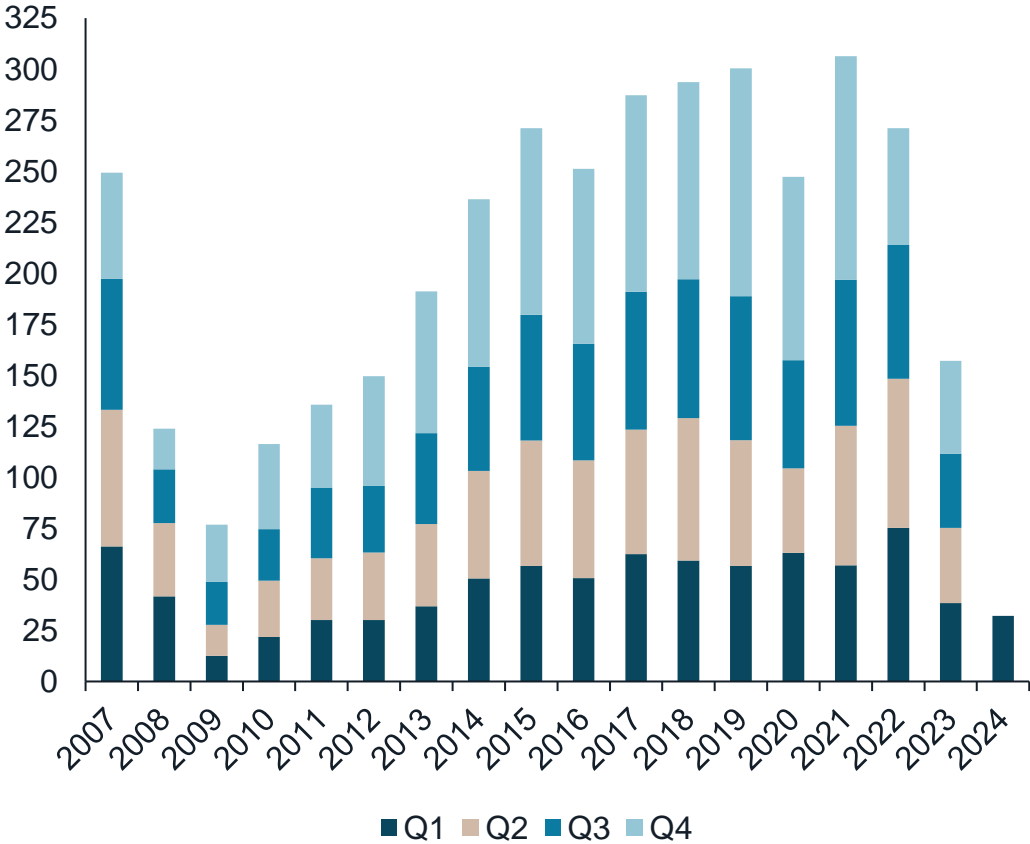
The background image shows a busy transit station during sunset. Silhouettes of people are visible as they walk through turnstiles. The sun is low on the horizon, creating a warm, golden glow. In the upper right corner, there is a small inset image showing a modern building with a glass facade and a street lamp.

02 Capital Markets

Capital Markets | Cross-sector investment volumes

Investment volumes continued to fall in Q1 2024

EMEA total investment volumes
(EUR billions)



€32.1bn

Q1 2024
EMEA investment
volumes

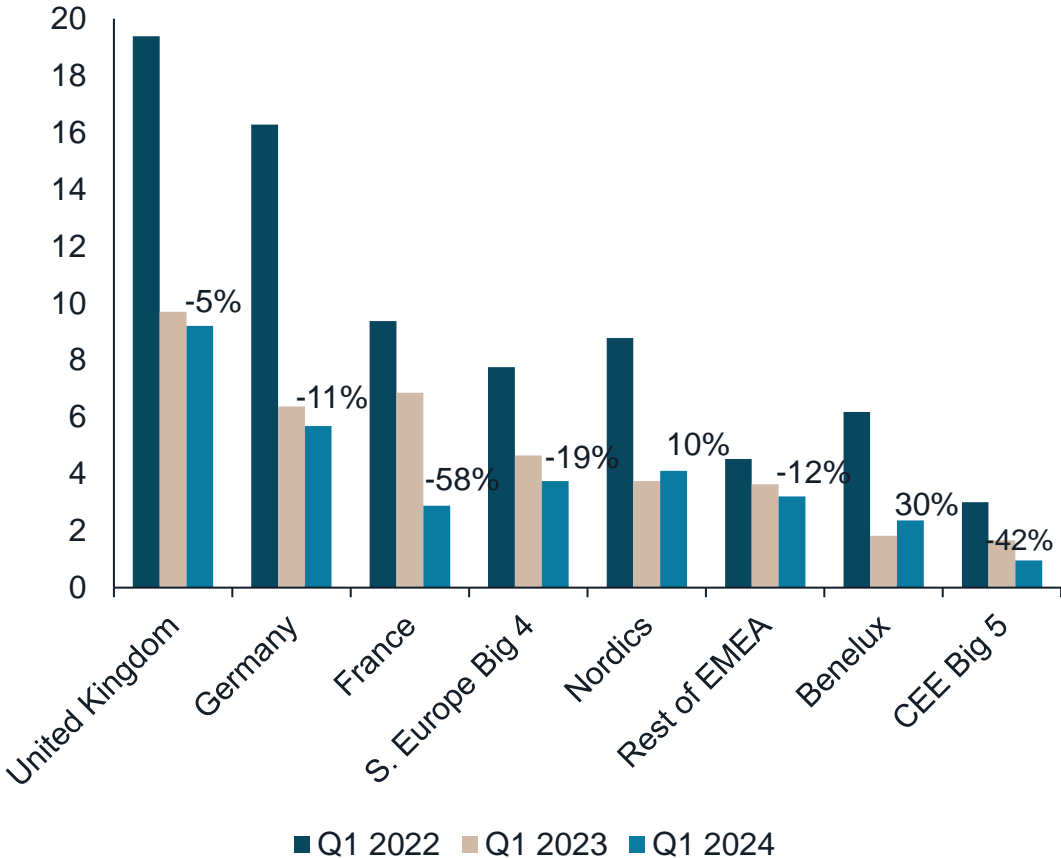
-16%

YoY change
(Q1 '24 v. Q1 '23)

-36%

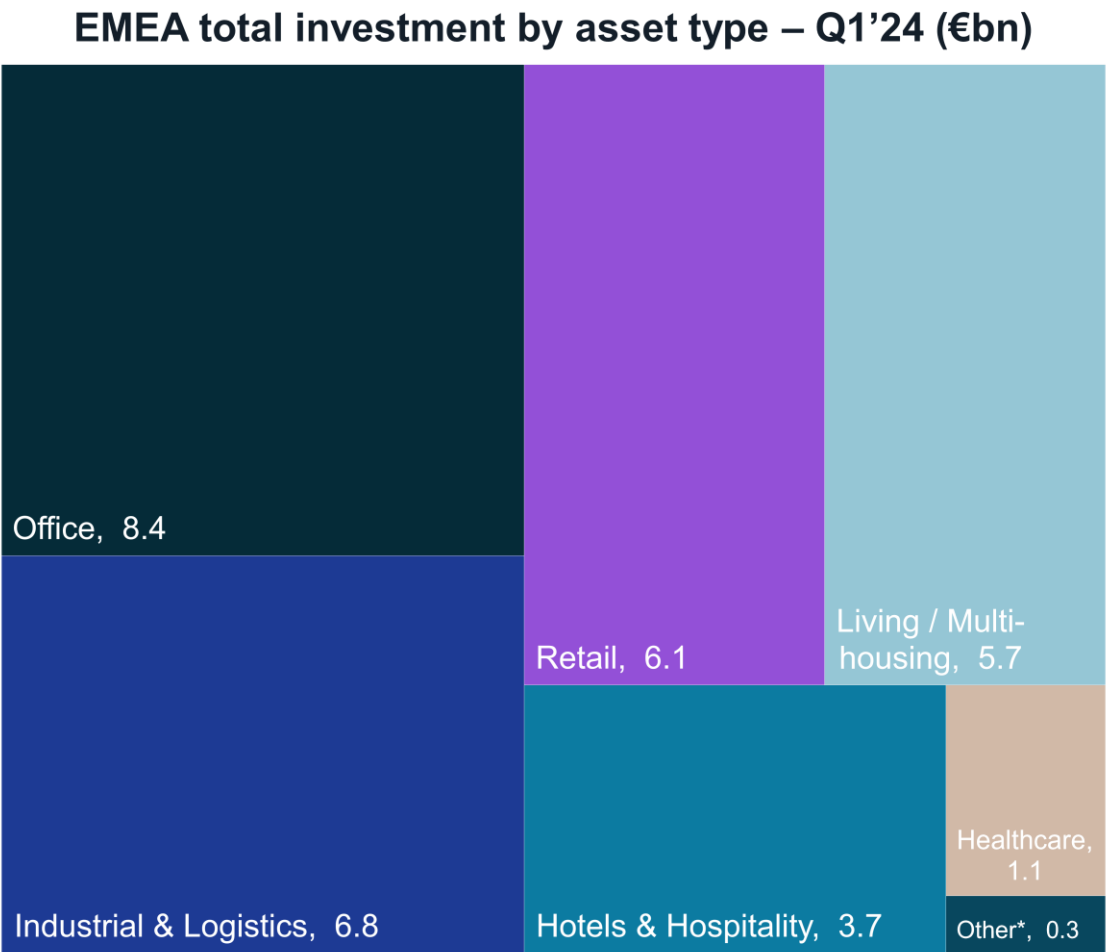
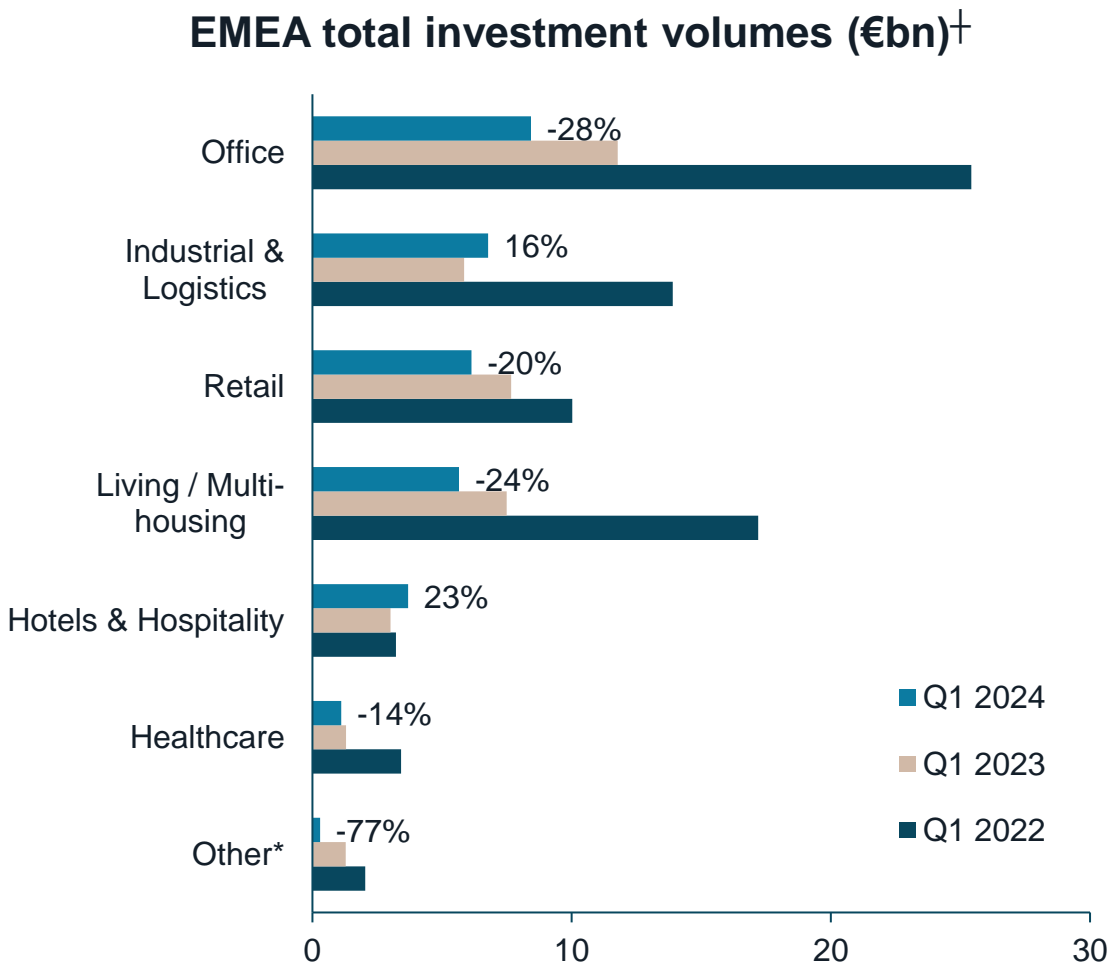
Q1 '24 12M
Trailing YoY

EMEA total investment volumes
(EUR billions)



Capital Markets | Investment by asset type

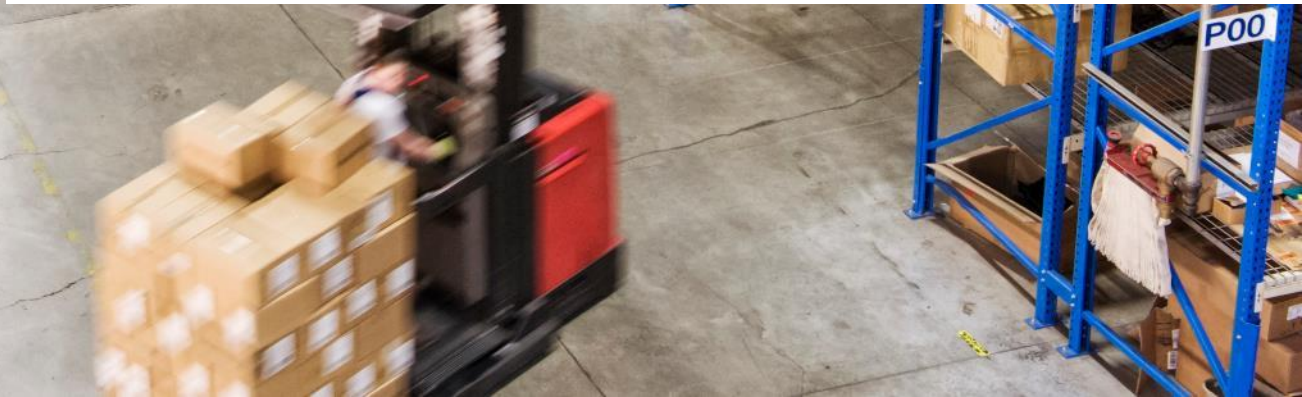
Retail overtakes Living in Q1 2024



Source: JLL. [†]% refers to Q1 2024 versus Q1 2023. *Other sector includes Mixed-Use, Special Purpose Facility, Infrastructure & Energy and Unknown.

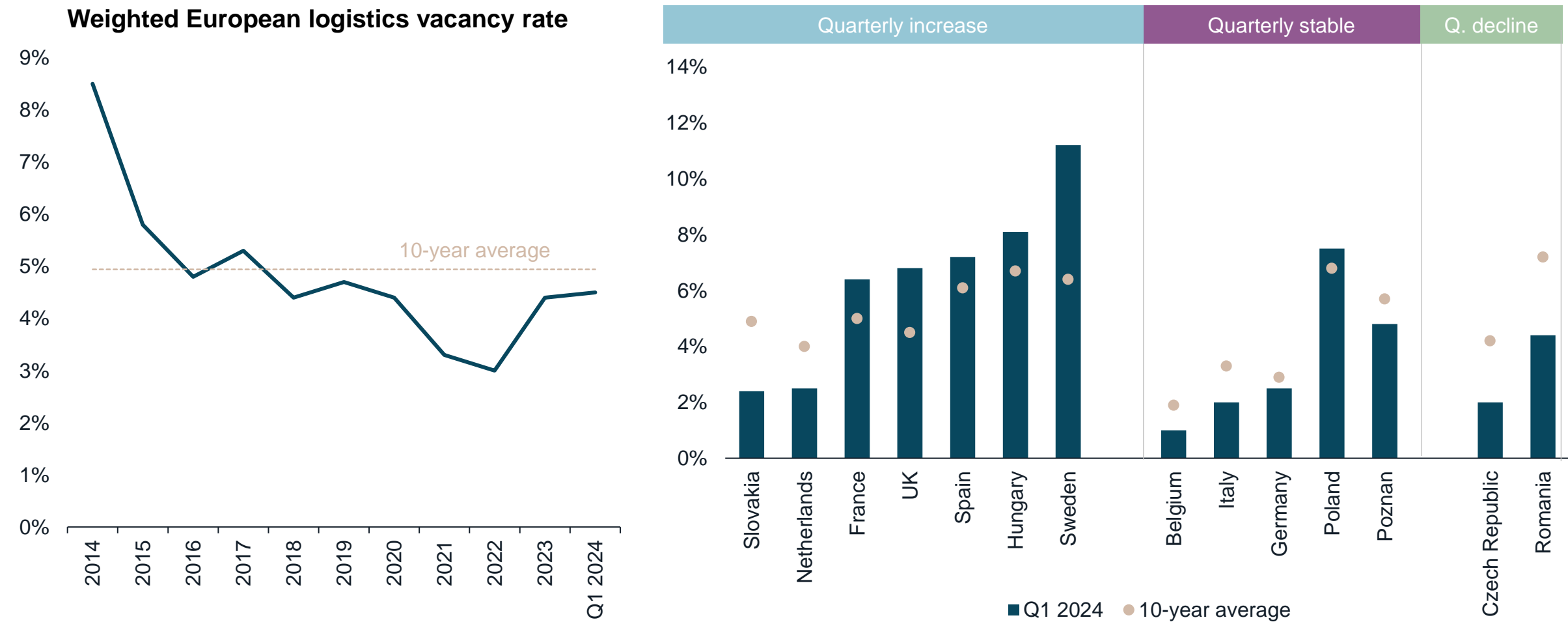


03 Industrial & Logistics



Supply | Vacancy rates edge in more markets

Q1 2024 and 10-year average vacancy rates

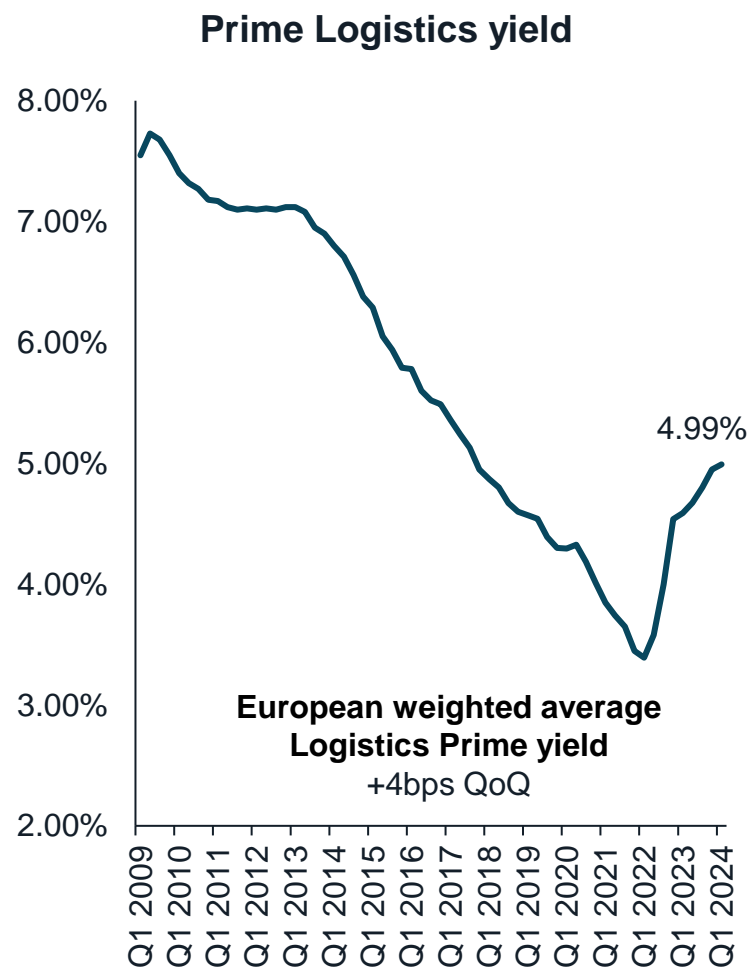


Source: JLL Research, iO Partners. Including units of >5,000 sq m (Belgium, Czech Republic, Germany, Hungary, Italy, Netherlands, Poland, Romania, Slovakia, Spain and Sweden; >10,000 sq m in France and UK).



Capital Markets | Logistics yields

Industrial yields move out further 4bps QoQ and 40bps YoY to 4.99%

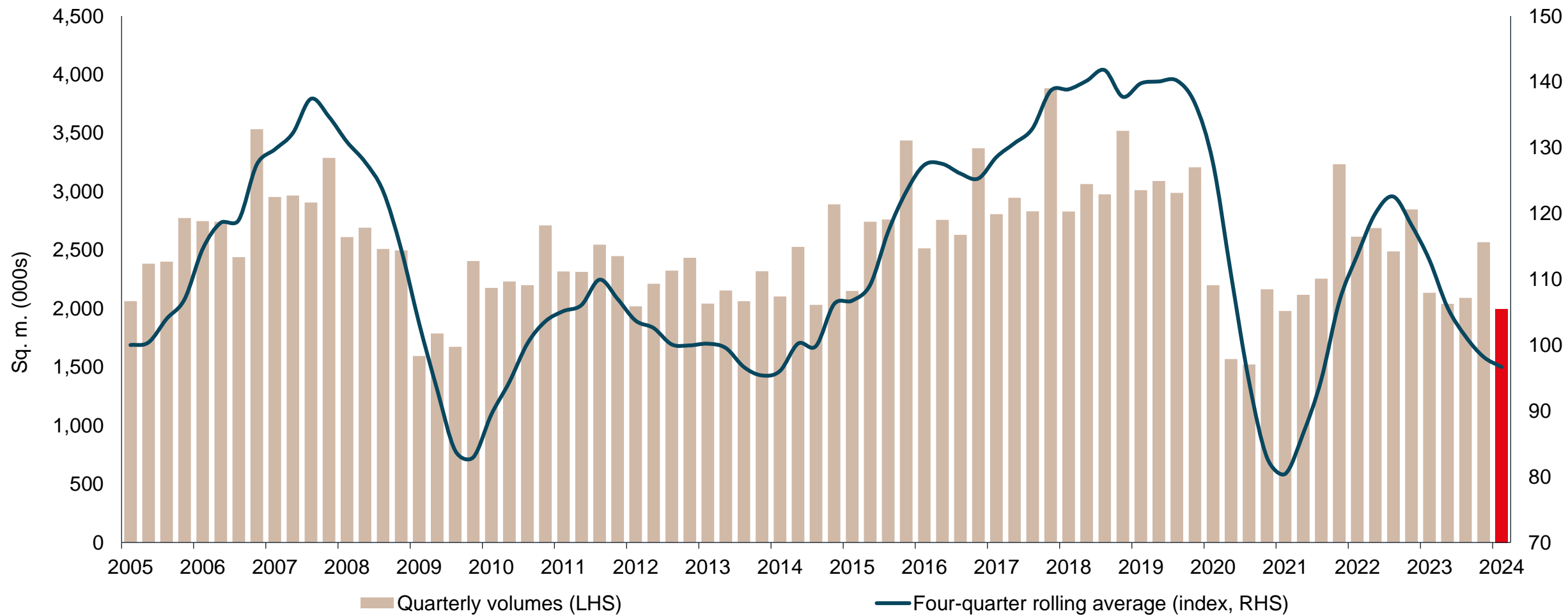




04 Offices

Offices | Office demand slowed down despite positive sentiment

Chart: Quarterly office take-up volumes and four-quarter rolling average

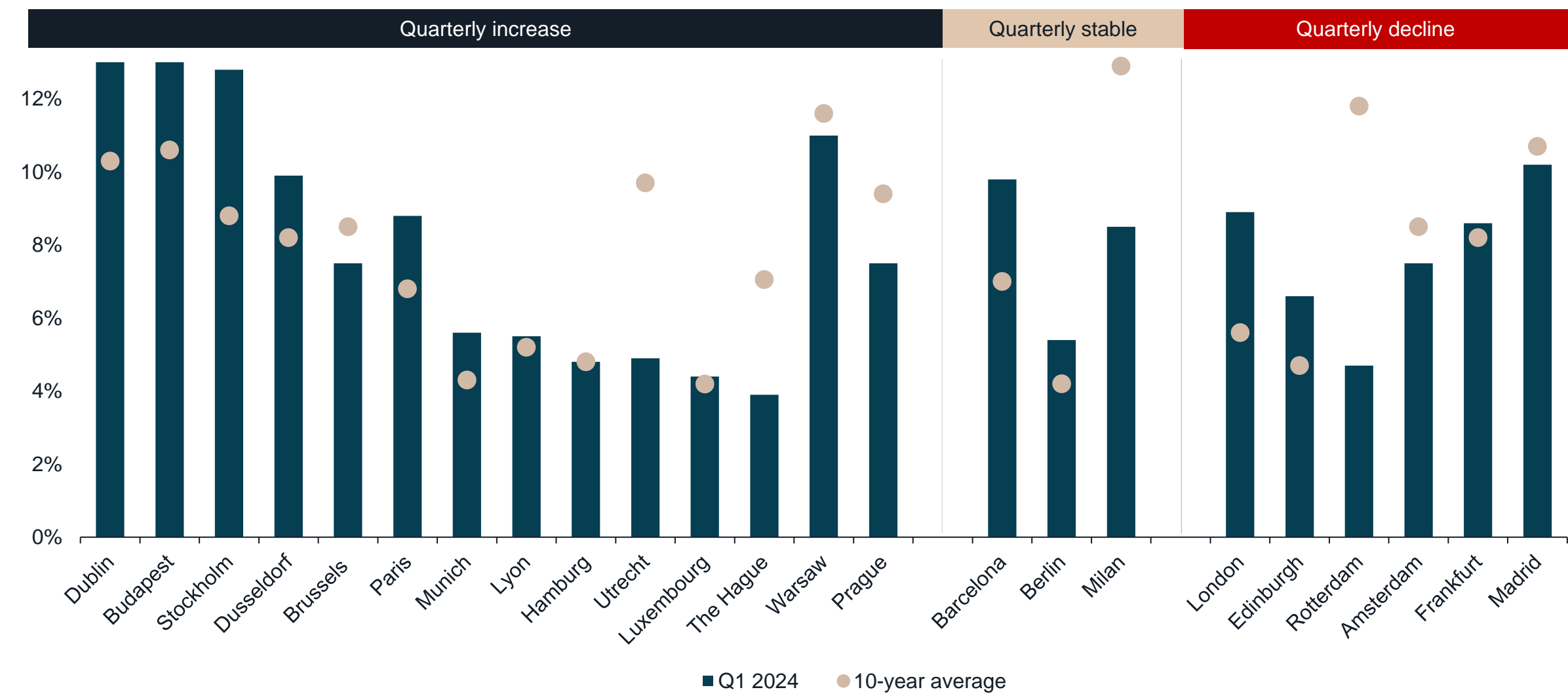


Source: JLL, iO Partners.



Offices | High vacancy concentrated in older stock in non-central locations

Chart: Q1 2024 and 10-year average vacancy rates (%)



Source: JLL, iO Partners.



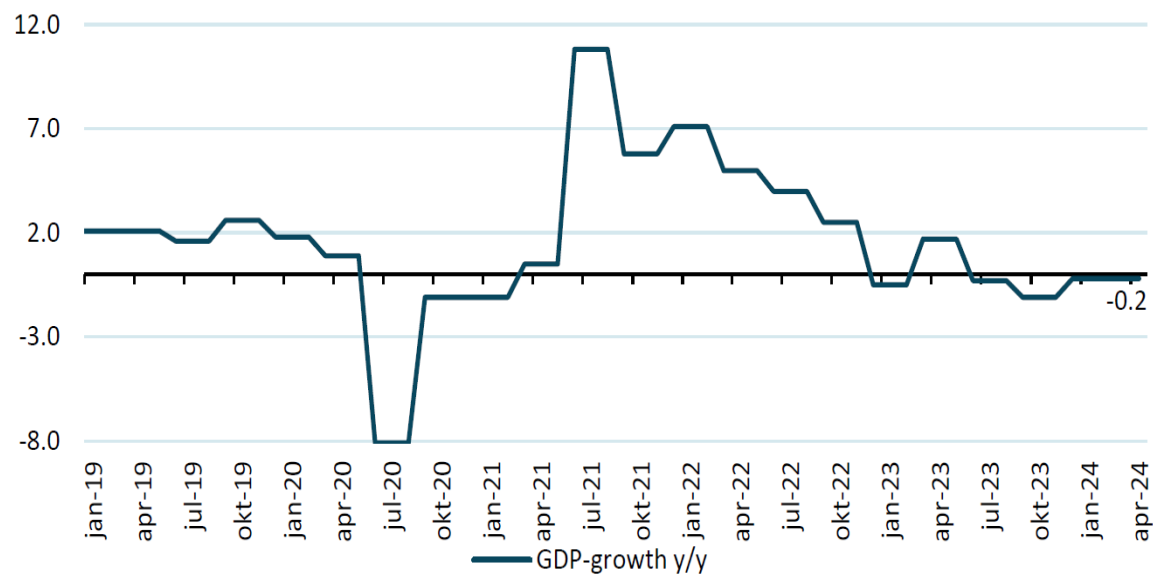
A blurred background image of a business meeting. In the foreground, a person with dark hair is seen from the back, looking towards a woman with blonde hair and glasses who is wearing a blue shirt and a pearl necklace. They are seated at a table with papers and a laptop. The setting appears to be a modern office with large windows in the background.

05 Economic Outlook

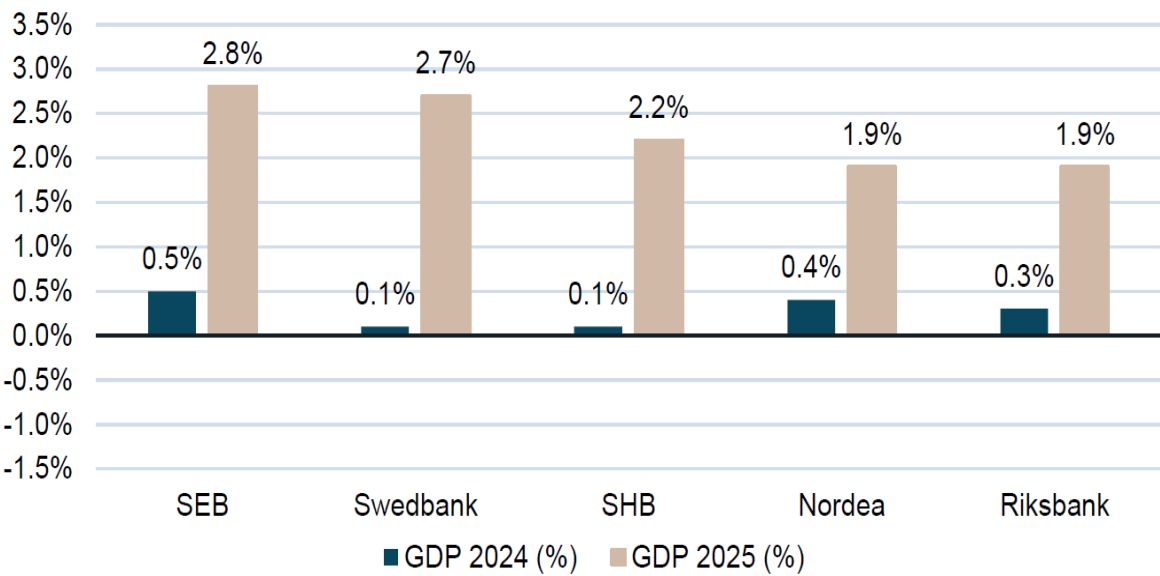
Macroeconomic outlook

Growth

GDP –growth Sweden (% , y/y, quarterly data)



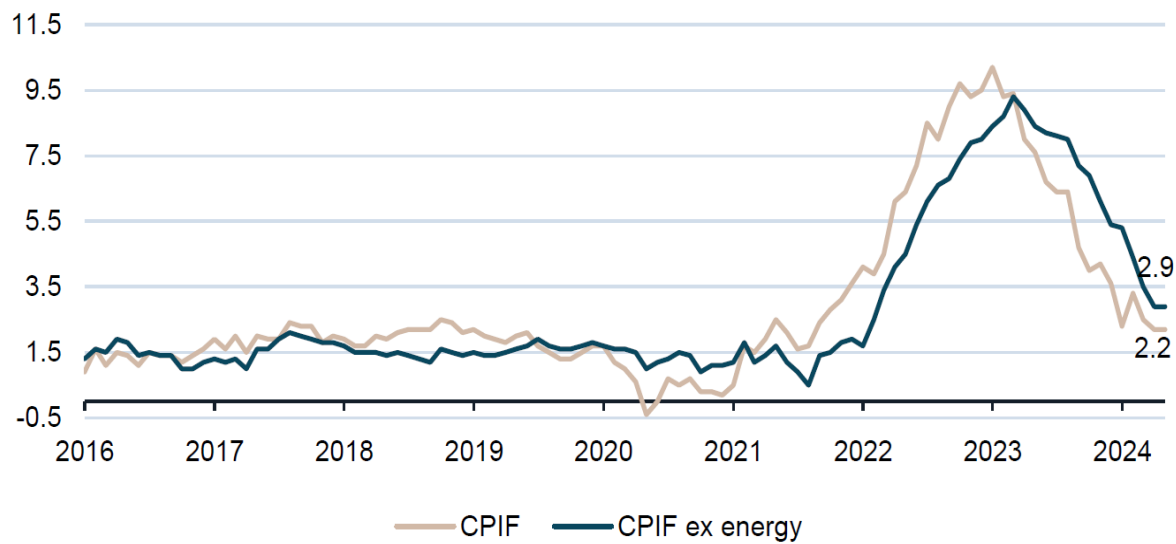
Forecasts Sweden GDP



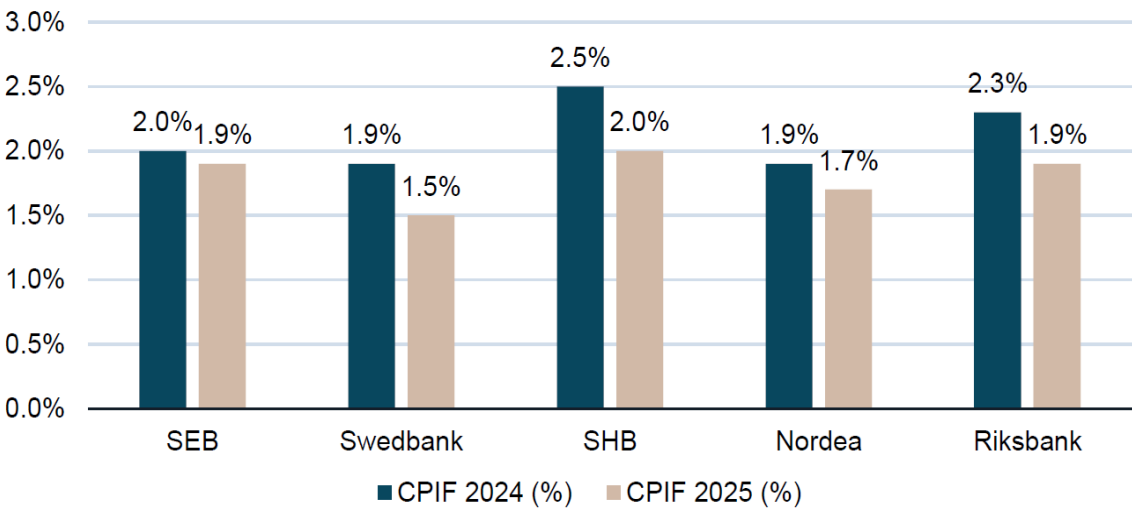
Macroeconomic outlook

Inflation

Inflation Sweden (%)



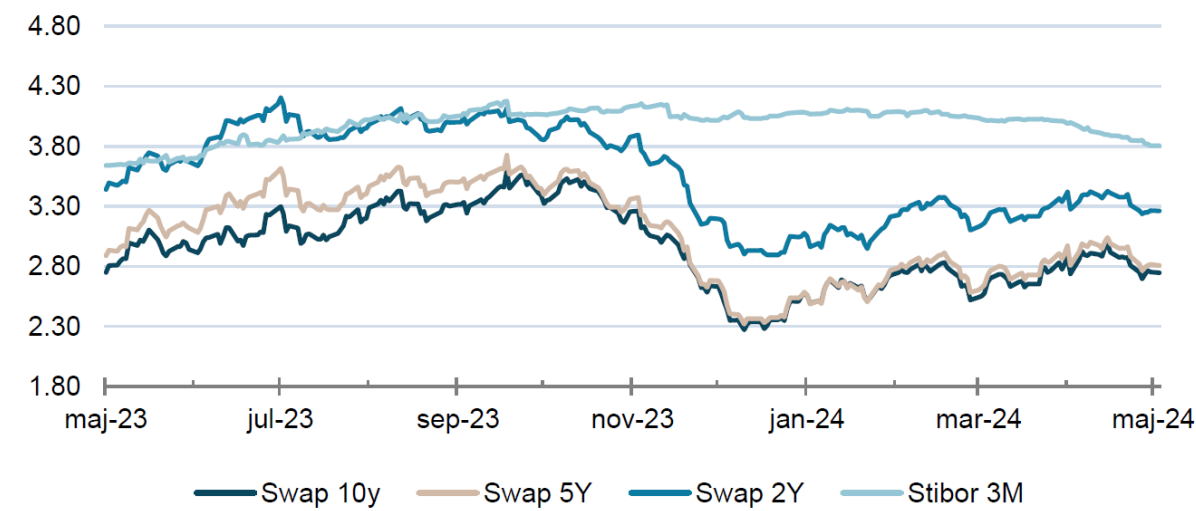
Forecasts Sweden, annual average



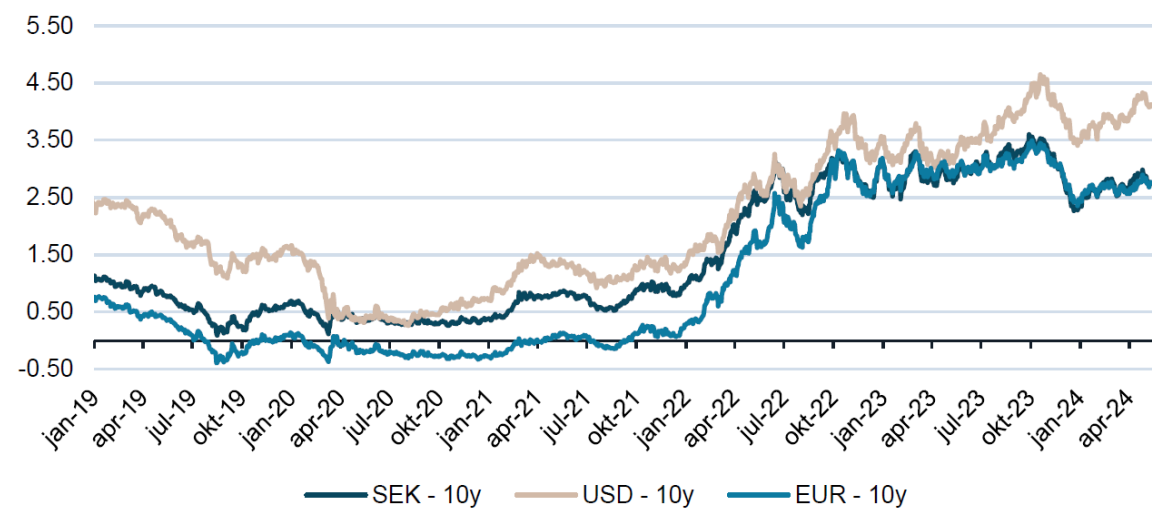
Macroeconomic outlook

Interest rates

SEK interest rates, 1-year history (%)



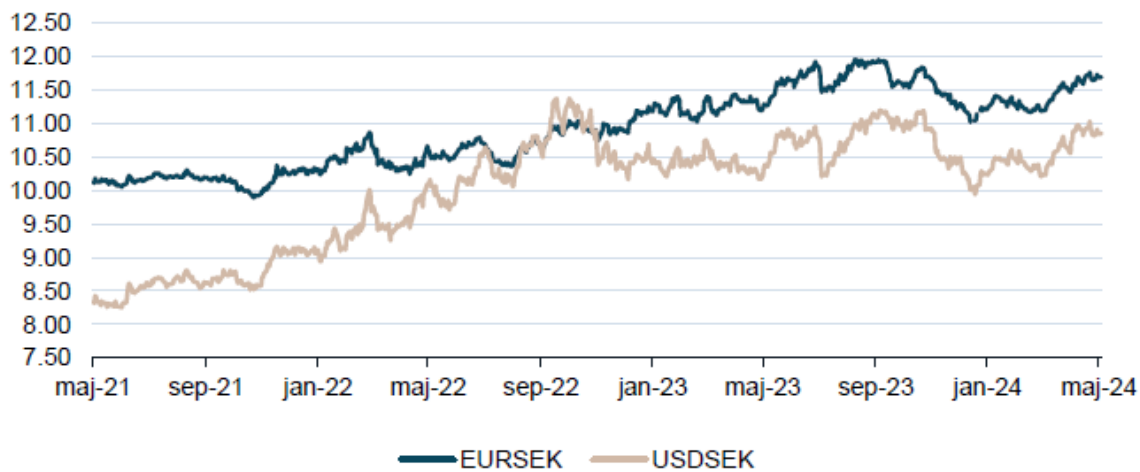
International long-term interest rates 10-year swap rates, SEK, USD & EUR



Macroeconomic outlook

Exchange Rates

EUR/SEK and USD/SEK



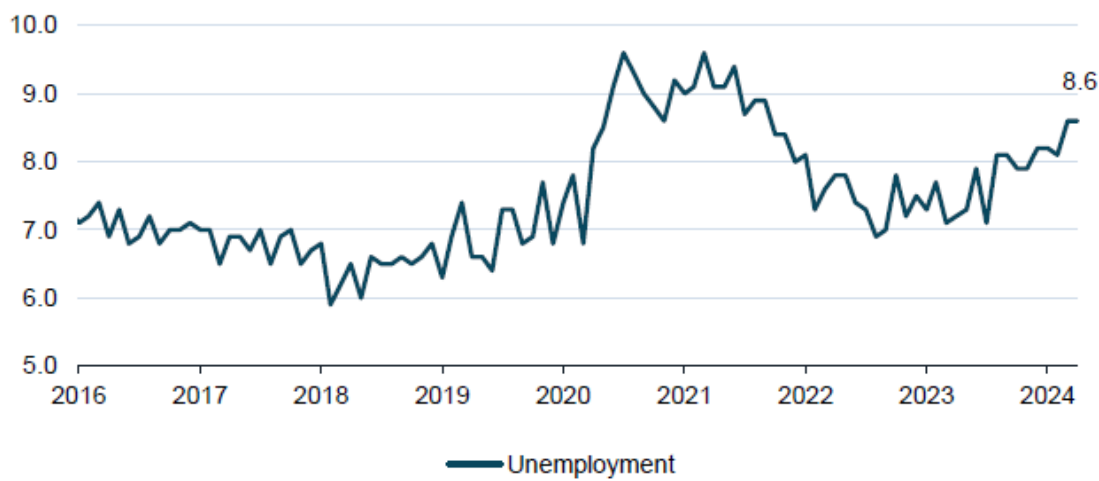
GBP/SEK



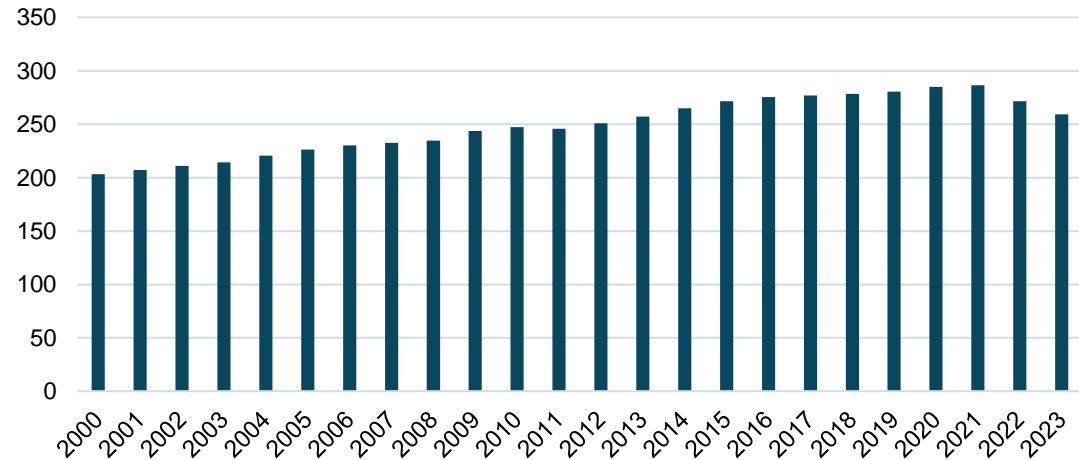
Macroeconomic outlook

Labour market

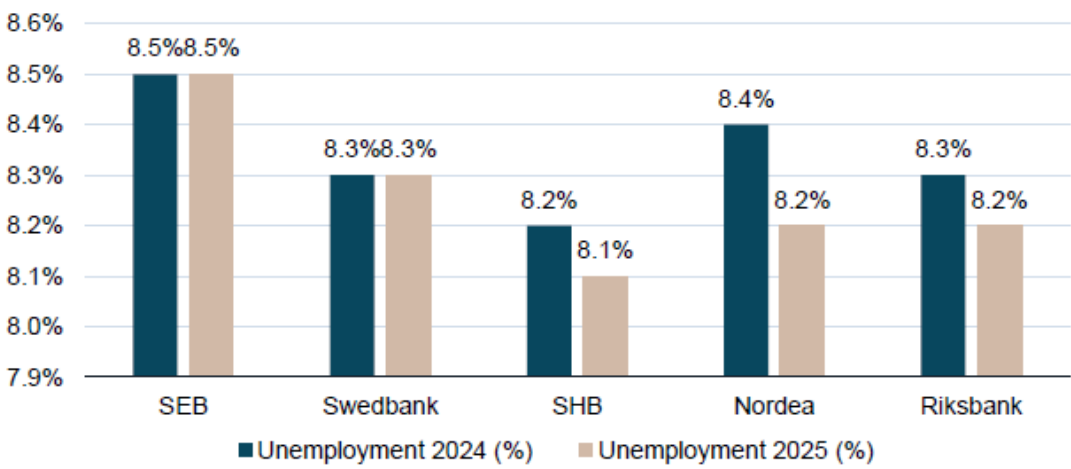
Unemployment Sweden (SCB) (%)



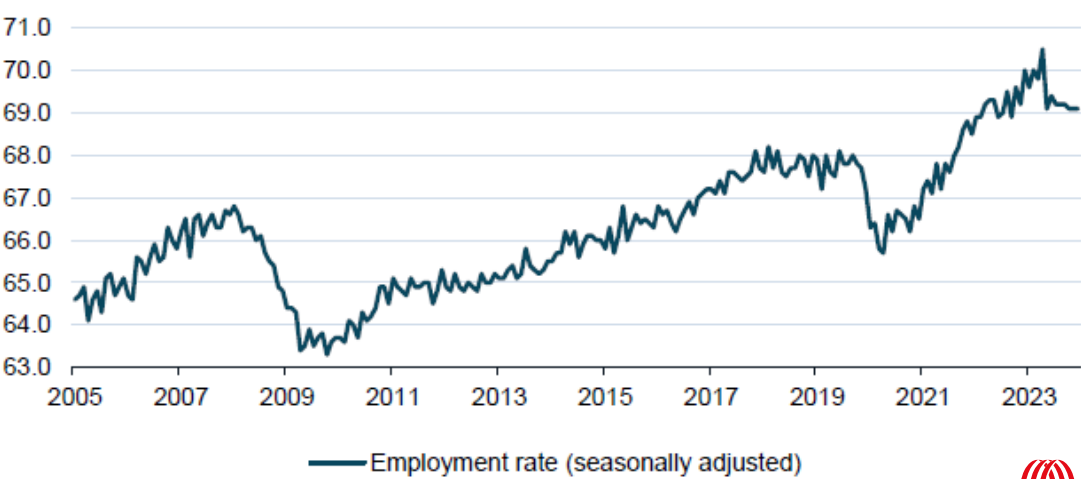
Real wage development - Sweden



Forecasts Sweden



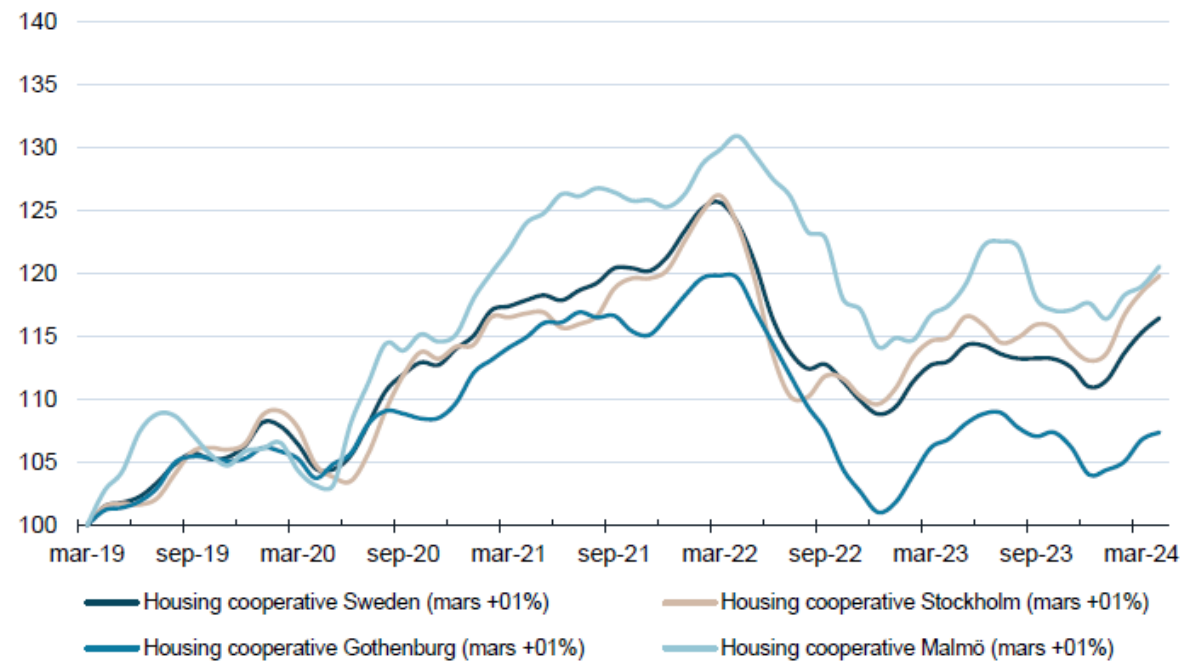
Employment Sweden Share of population (15-74 years) (%)



Housing market

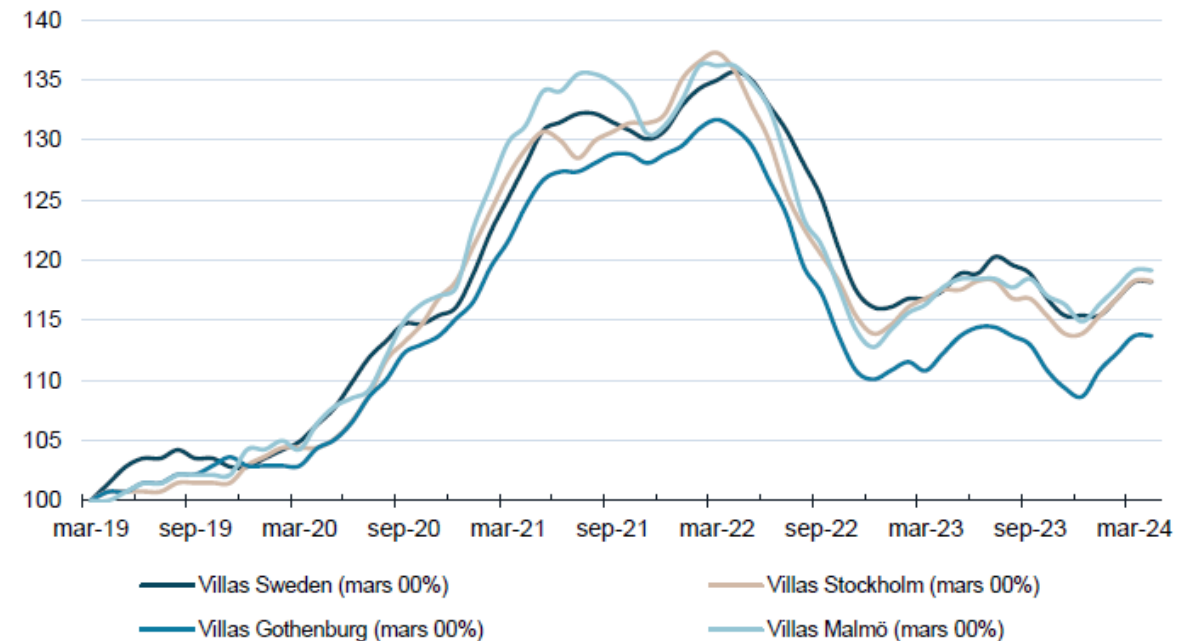
Housing prices

Prices housing cooperative, Svensk Mäklarstatistik indexed 2019



SEK/sqm indexed data

Housing prices Svensk Mäklarstatistik indexed 2019

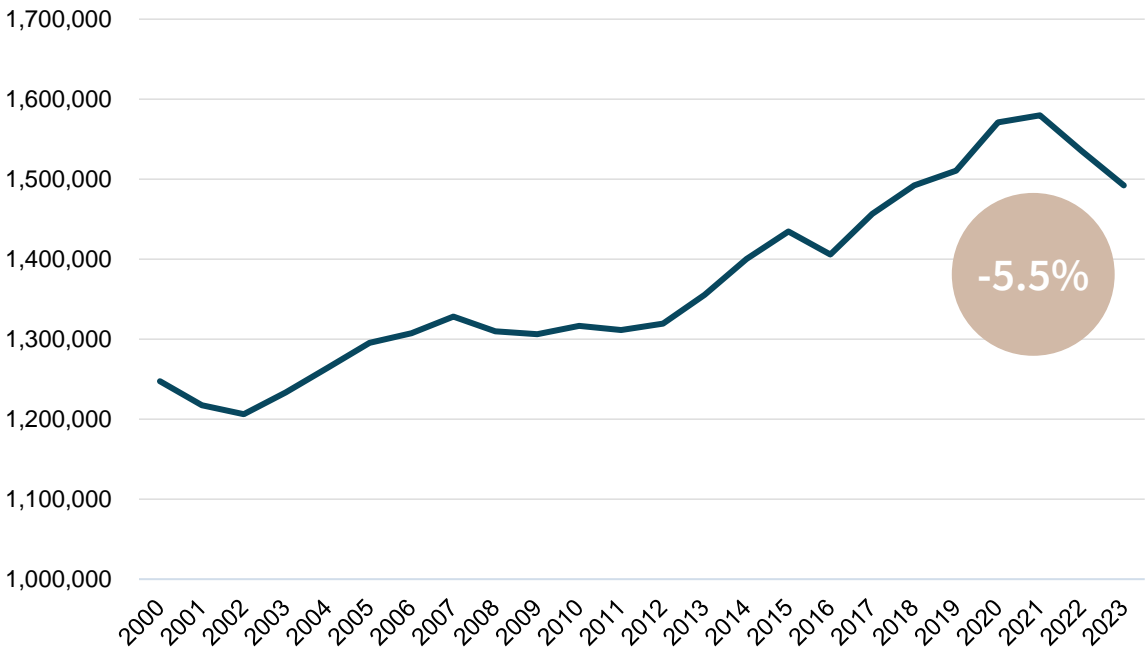


Purchase price coefficient indexed data

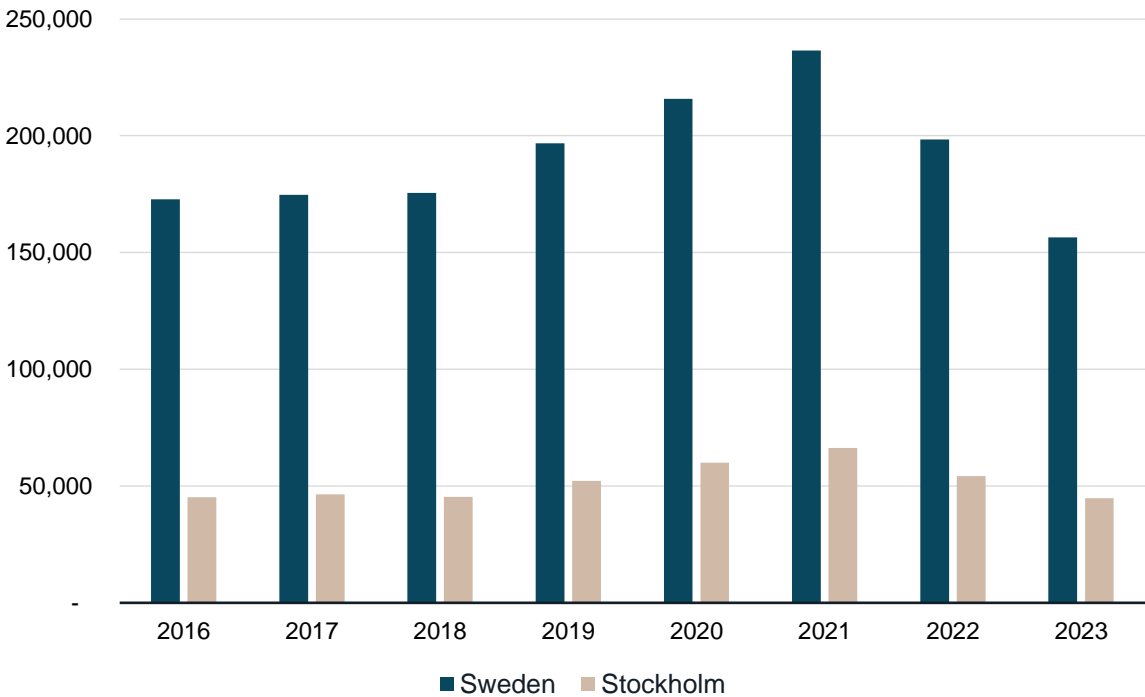
Housing market

Moving patterns

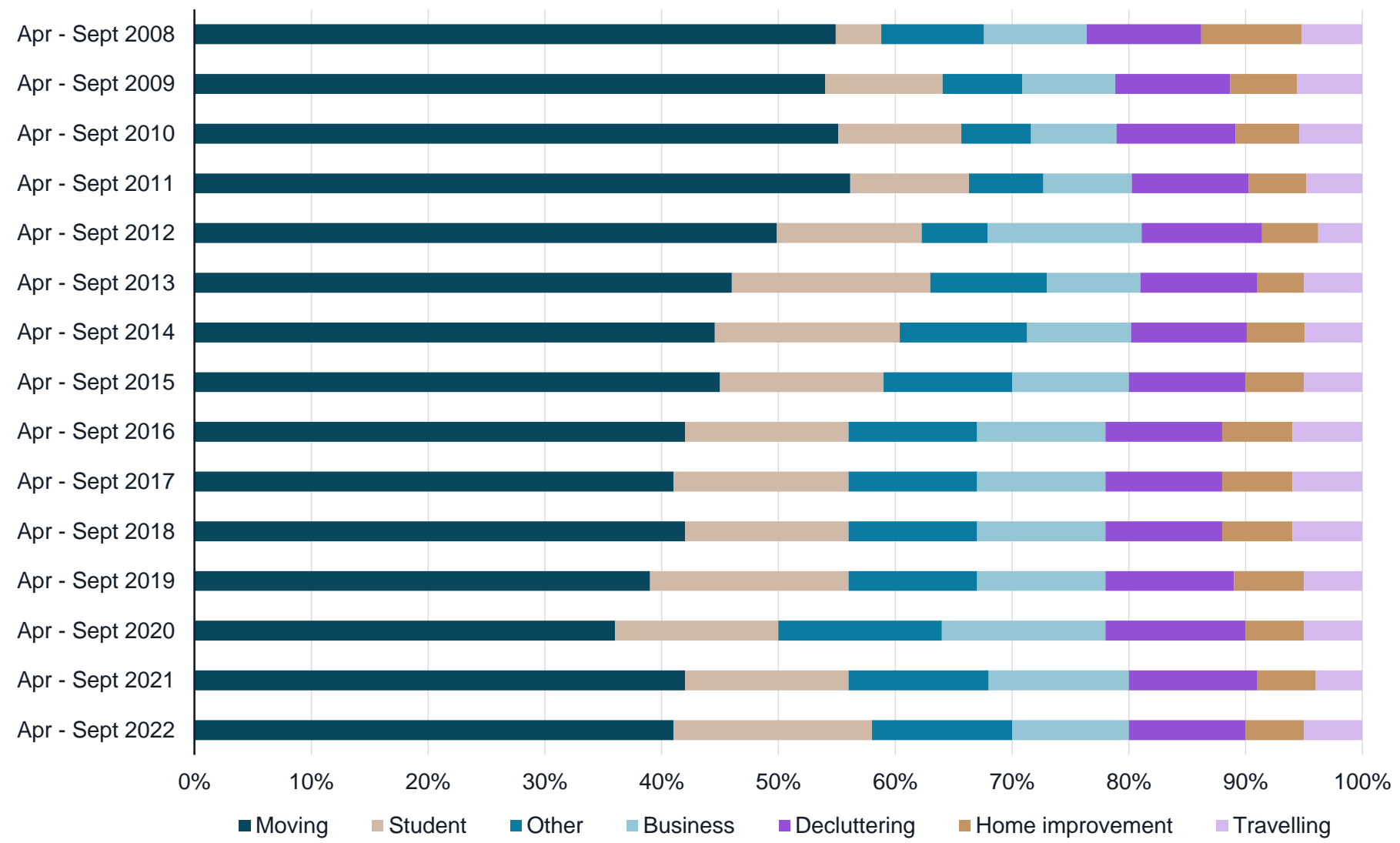
Domestic moves - Sweden



Private Housing transactions



Self Storage - Demand drivers



Observations

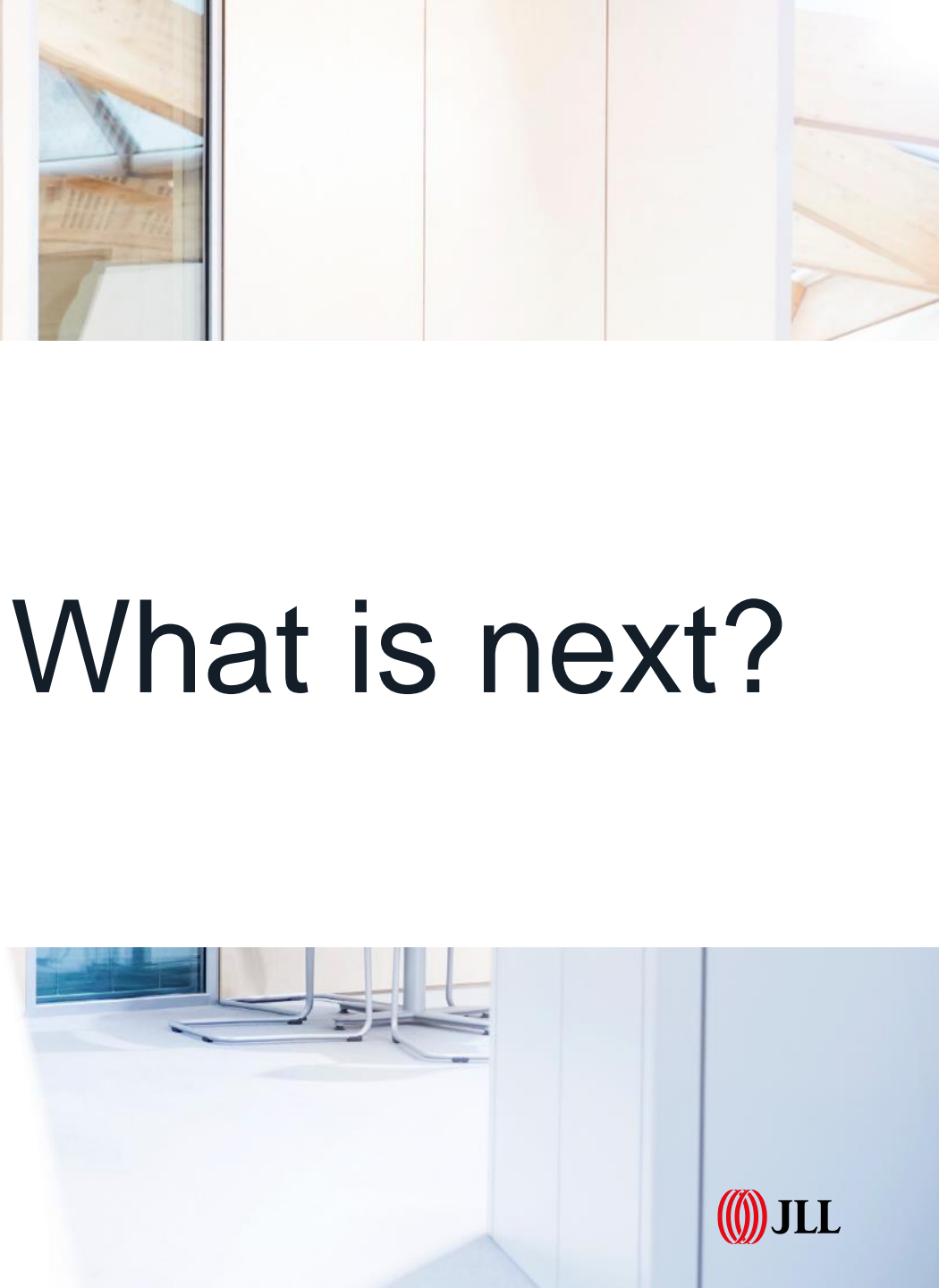
Trading performance

- Mixed picture: Softening occupancy
- Strong rental rate growth in best locations
- Cost pressures
 - Utilities
 - Business Rates
 - Staff Costs
- Operators with scale can save on operational costs & get efficiency



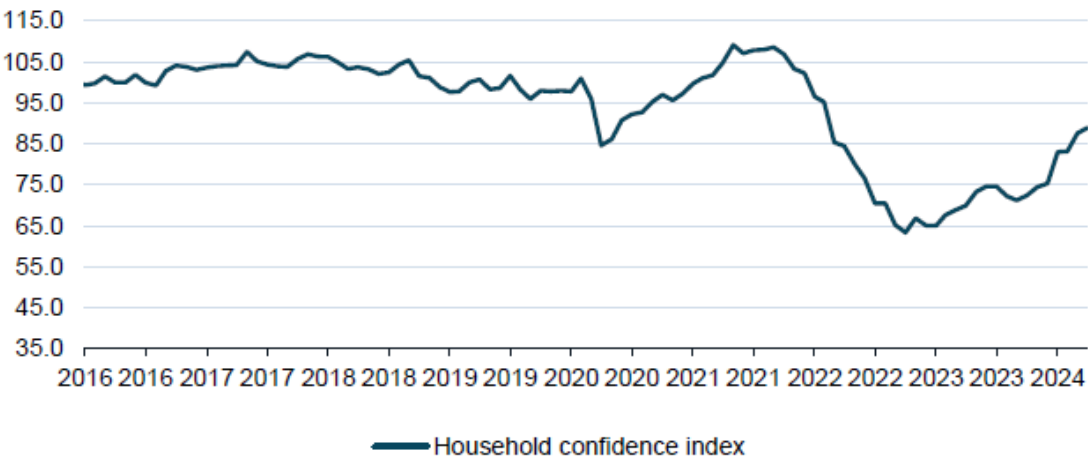


06 What is next?

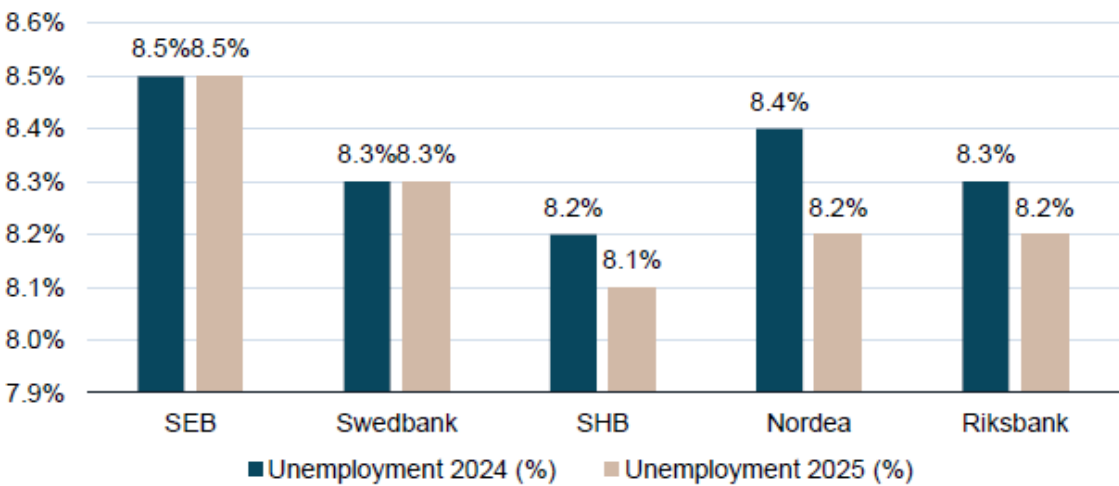


Economic outlook

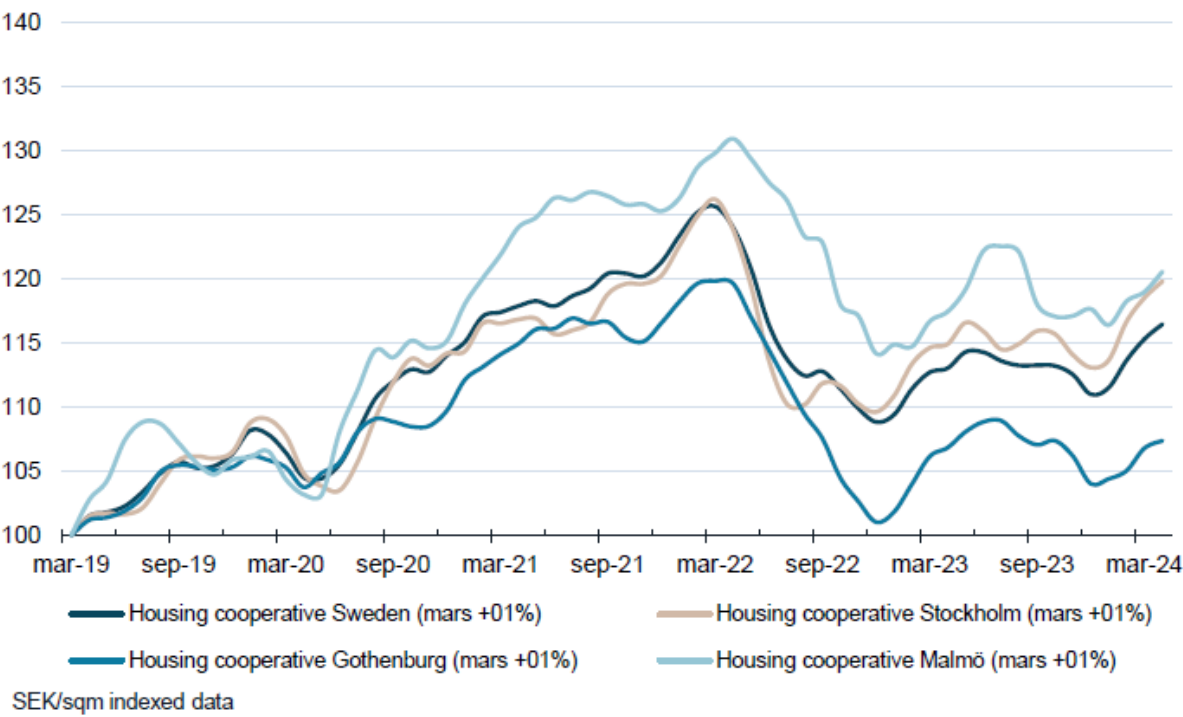
Household Confidence Index Sweden



Forecasts Sweden



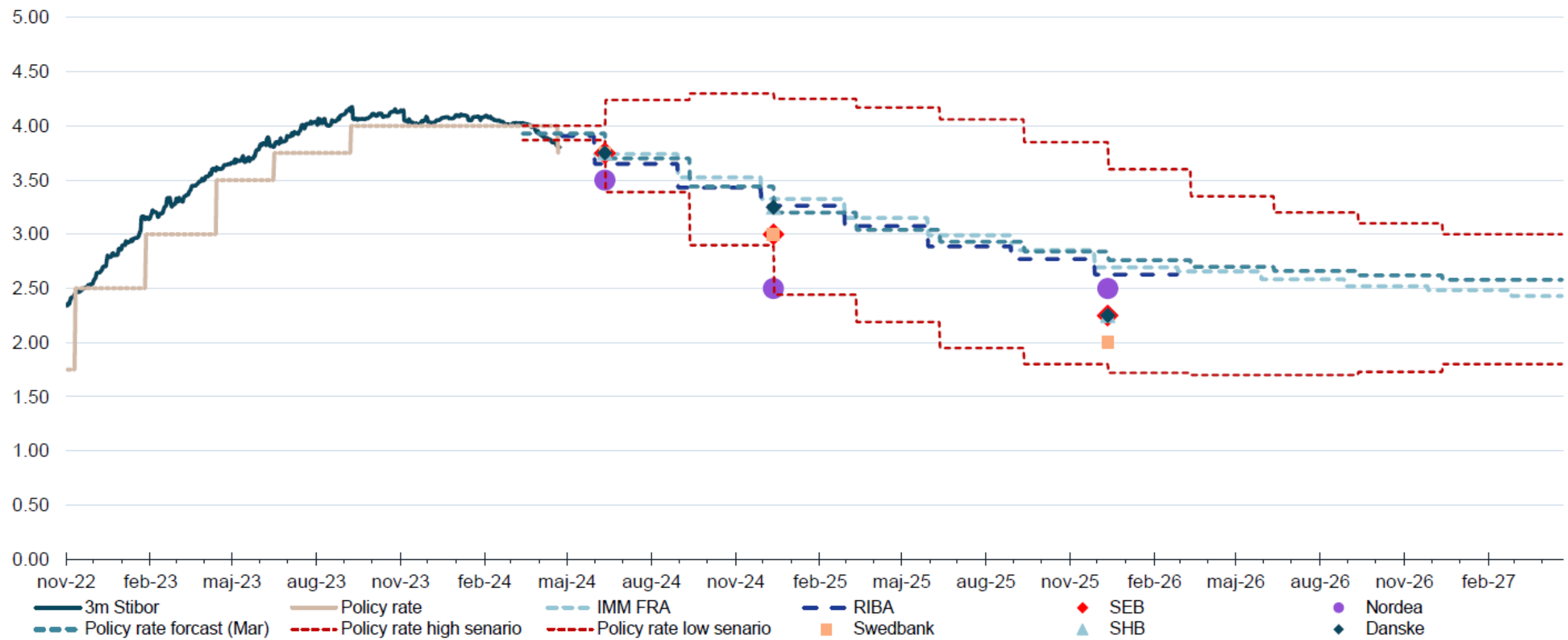
Prices housing cooperative, Svensk Mäklarstatistik indexed 2019



Economic outlook

Forecast

Market pricing of short-term interest rates (%)



Disclaimer

The information contained in this document is proprietary to Jones Lang LaSalle and shall be used solely for the purposes of evaluating this proposal. All such documentation and information remains the property of Jones Lang LaSalle and shall be kept confidential. Reproduction of any part of this document is authorized only to the extent necessary for its evaluation. It is not to be shown to any third party without the prior written authorization of Jones Lang LaSalle. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.

