



#2
2024

94.8

economic tendency
(normal weak)

+0.5%-points
unemployment

+0.6%

employment
growth

+1.6%

export-weighted growth
key markets 2024

ECONOMIC OUTLOOK

GOTHENBURG REGION



BUSINESS REGION
GÖTEBORG

ECONOMIC OUTLOOK #2 2024

SUMMARY

In two out of four sectors, the Gothenburg region's companies experience the current situation as a normal state. The region's services sector, however, perceives the economic tendency as normally weak. Only within construction companies continue to sense a recessionary economic tendency. Many simultaneous ongoing factors continue to dampen the future expectations on the outlook in 2024. The expected GDP growth, for the region's key markets and for Sweden as a whole, is still clearly weaker than in a normal state – and not until 2025 is the Swedish economy expected to reverse. The most recent period shows, that job growth in the Gothenburg region remains positive, yet has lost most of its momentum on an annual basis. The level of new job vacancies available in the region has nearly halved and unemployment is increasing on an annual basis. Similar to our first Economic Outlook report in 2024, notified persons and bankruptcies continue to increase.



Key markets and Sweden

Marginal improvement for key markets in 2024

For the most recent period, forecast institutes such as the IMF, the EU and some of the major Swedish banks are slightly more positive about the GDP growth in the key markets for our export-intensive businesses.

The United States, the Gothenburg region's largest export market, is expected to grow by 2.4 per cent in 2024 - which is expected to decrease to 1.7 per cent in 2025. The last half of 2023 was better than expected for the American economy. The third and fourth quarter ended up with the economy growing at 4.9 and 3.4 per cent, respectively. During the first quarter of 2024, preliminary GDP figures for the American economy show that the economy is expected to grow at a slower pace as indicated by the advance estimate of 1.6 per cent. In terms of annual inflation, the all-items-CPI stopped at 3.5 per cent in March (up 0.4% compared to February 2024). The target inflation at 2 per cent is still a clear goal for the Fed, but in the end of March 2024 the Fed once again decided that the US benchmark interest rate is to remain unchanged (5.25-5.50%) – and also the ECB decided in April of this year to leave its benchmark interest rate unchanged (4.0-4.75%). Going against the trend, the Swedish Riksbank decreased its benchmark interest rate in May, from 4 to 3.75 per cent. Looking at China's economy, recent developments show that the country grows faster than expected. China's GDP grew by 5.3 per cent year-on-year during the first quarter 2024, despite signals of a weak property sector and a huge governmental debt (analysts' expectations for China's economy averaged at 4.6%). Other indicators, however, such as property investments, retail sales and industrial output show that domestic demand in China continues to be frail. Given this development, China is still considered to be the key market for the Gothenburg region with the strongest growth expectations in both 2024 and 2025 with 4.8 and 4.3 per cent, respectively.

The economies of Denmark and Norway are expected to increase in 2024, whereas Finland's growth is predicted to be stagnant. For France, Netherlands, the UK and Germany, GDP growth in 2024 is still expected to be weak and falls within the range 0.1-0.6 per cent. Looking at the Eurozone as a whole, expectations are further weakened as the predicted average GDP growth for 2024 stops at 0.5 per cent. Overall, our export-weighted GDP growth in key markets for 2024 shows increased growth of 1.6 per cent and 1.9 per cent in 2025. The export-weighted GDP growth for 2024 shows that our key markets are marginally strengthened compared to the previous report. Since our second Economic Outlook report in 2023, the export-weighted GDP growth for the region's key markets during 2024 is unchanged at a growth rate of 1.6 per cent.

The economies of our key markets continue to show a combined GDP growth that is lower than the average for the period 2017-2023, which corresponds to 2.2 per cent. Several underlying factors are behind this development. Among other things, increased geopolitical unrest with wars in both Ukraine and Gaza, temporary stops and delays in global value chains and rising oil prices. However, the expectation ahead is that energy prices are not going to drive up inflation at current levels, but they can make the journey towards normal inflation become sluggish. An additional trend to monitor during 2024 is that many elections will take place, including elections in USA, UK and the EU. Going forward, however, inflation is predicted to move closer to countries' expected targets, which advocates for lower benchmark interest rates in USA and within the EU. With these developments, we still assess that the production of our export-intensive businesses can be affected by disruptions ahead, but also that the global demand situation may affect our companies' revenue generation, as well as their employment plans ahead.

Weak Swedish growth 2024 expected to reverse in 2025

In the National Institute of Economic Research's compilation of the latest forecasts for Sweden's GDP growth, the low expectations for Sweden that we presented in the previous Economic Outlook report remain gloomy for 2024. The turnaround is still expected to come in 2025. The most prominent factors for the current situation are still a weakening of the labour market over the year, simultaneously with falling inflation and rising real wages of households. The Riksbank's first interest rate cut came in May 2024 – yet more interest rate cuts are predicted during this year, which are expected to give the Swedish economy a rapid recovery in 2025. The average of the five most recent forecasts for Sweden's GDP growth shows that the Swedish economy is expected to grow by a low 0.5 per cent in 2024, which is clearly below the trend for Sweden and on par with the average for

the Eurozone. Yet, expectations are that Sweden's GDP growth will reverse in 2025, when the economy is predicted to grow by 2.3 per cent – which is slightly above the trend for Sweden and higher than the average for the Eurozone.

The economic tendency for Sweden increased once again during April 2024, yet at the moment, the economic tendency in the Swedish private sector continues to be in a somewhat weak state. Among other things, the indicator for the services sector increased, but only marginally. The increase within services was mainly due to rising expectations on an improved demand for services in the coming months. The economic tendency also improved within manufacturing in April. The improvement in manufacturing is explained by strengthened expectations on the production volume in the coming three months. The economic tendency indicator within commerce increased as well, where daily goods trade contributed most to the rise – yet the tendency also improved within other segments of commerce such as wholesale trade and retail trade. Moreover, within construction the economic tendency indicator also increased. However, the construction sector still has the weakest tendency among the broad sectors in Sweden. The rise within construction was mainly explained by that companies' market expectations for a year ahead improved significantly.

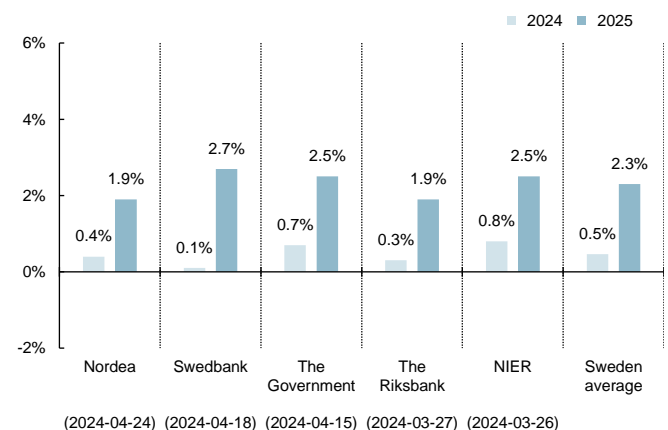
Real GDP growth – forecast 2024-2025 (in %) for Sweden and some of the Gothenburg region's key export markets

| Country | % of region's exports | Forecast averages | | |
|--|-----------------------|-------------------|------|---------|
| | | 2024 | 2025 | Change |
| Sweden* | | 0.5% | 2.3% | +1.8%-p |
| USA | 15.5% | 2.4% | 1.7% | -0.7%-p |
| Belgium | 10.8% | 1.3% | 1.3% | ±0.0%-p |
| China | 10.3% | 4.8% | 4.3% | -0.5%-p |
| Norway | 10.0% | 1.2% | 1.6% | +0.4%-p |
| Germany | 8.6% | 0.1% | 1.2% | +1.1%-p |
| Denmark | 7.5% | 1.8% | 1.5% | -0.3%-p |
| Finland | 5.8% | 0.0% | 1.7% | +1.7%-p |
| UK | 4.6% | 0.4% | 1.4% | +1.0%-p |
| Netherlands | 4.5% | 0.5% | 1.4% | +0.9%-p |
| France | 3.9% | 0.6% | 1.3% | +0.7%-p |
| Export-weighted GDP growth for the region's top 10 key markets | 81.5% | 1.6% | 1.9% | +0.3%-p |
| Eurozone | | 0.5% | 1.5% | +1.0%-p |
| World | | 3.0% | 3.1% | +0.1%-p |

Source: Nordea, IMF, Swedbank (April 2024) and EU (February 2024)

* Average of the five last forecasts in the summary produced by the National Institute of Economic Research (NIER), 26 March – 24 April 2024.

The five latest forecasts of Sweden's GDP growth (in %), 2024-2025

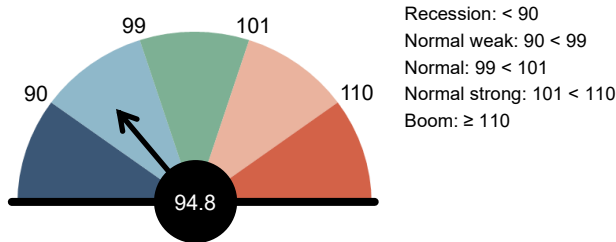


Source: National Institute of Economic Research

Normal weak state for the region's businesses continues

The National Institute of Economic Research's survey for the first quarter of 2024 shows that the situation improves somewhat for the Gothenburg region's businesses. The economic tendency indicator for the latest period stops at 94.8 (+1.5 units on both a quarterly and an annual basis). Thus, the current situation indicates that the businesses in Gothenburg region remain in a state of economic tendency that is experienced as 'normal weak' (see the interval interpretation below).

Economic tendency indicator for businesses in the Gothenburg region – first quarter 2024

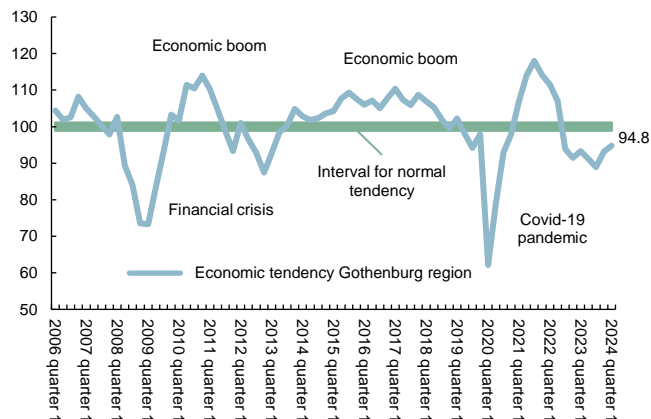


1,590 companies in Gothenburg region's business environment got the survey. 703 companies answered, which gives a response rate of 44 per cent.

Survey period:

28 March – 17 April 2024

Economic tendency indicator for businesses in the Gothenburg region – per quarter from 2006



Source: National Institute of Economic Research

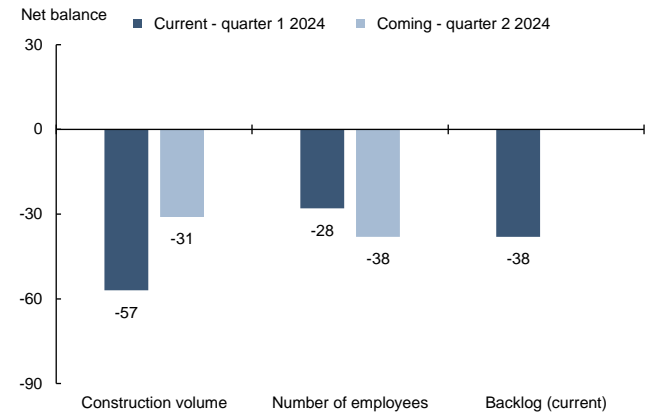
Construction in the region remains in a recession

The economic tendency within the region's construction sector continues to deteriorate during the first quarter of the year. Considerably more construction companies state that the construction volume has decreased during the first quarter (net balance -57). Similar to our previous report, the survey still shows that about three fifths of the companies currently experience a lower construction volume due to a poor demand. Finances have also contributed to a limited construction volume for just above one fourth of the construction companies. In addition, more of the construction companies state that the number of employees has decreased in the most recent period (net balance -28). During the course of the first quarter of 2024, two thirds of the construction companies have experienced falling tender prices. The expectations for this year's second quarter show that one third of the construction companies believe that the tender prices will continue to decrease. With this development in the rearview mirror, significantly more construction companies in the Gothenburg region currently experience a decreased backlog (net balance -38).

The outlook for the region's construction sector is less pessimistic than what we saw in our previous report in terms of construction volume. However, considerably more construction companies still (net balance -31) expect a decreased construction volume during the second quarter of 2024. The number of employees within construction

is also expected to continue to decrease as more companies state that less staff is needed ahead (net balance -28). The ingoing survey question, outlook one year from now, shows that the region's construction companies are more positive compared to our two previous reports, as indicated by a net balance of 38. Despite this, the economic tendency indicator for the first quarter of 2024 within construction stops at 87.7 (-1.3 units on a quarterly basis), which still indicates an economic tendency in recession.

Construction in Gothenburg region, current and coming

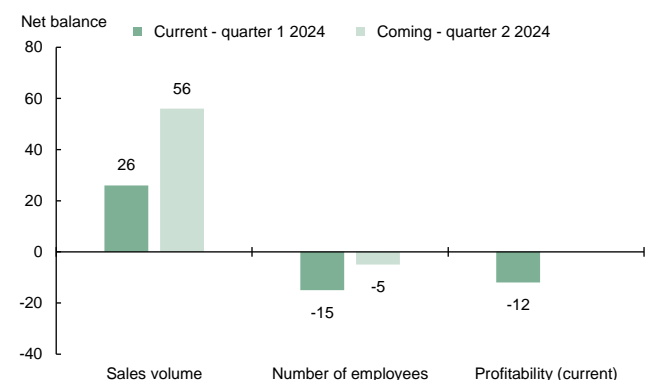


Normal state within commerce

For most of 2023, the economic tendency within the region's commerce sector (incl. e-commerce, etc.) has been in a state of recession, but not anymore. The economic tendency shifted already during the fourth quarter 2023 to a normal, yet weak state. During the first quarter of 2024 the economic tendency indicator stops at 100.6, which indicates that the tendency for the commerce companies has improved by a full 17.9 units on an annual basis (+2.7 units quarterly) – and the situation is perceived as normal. More commerce companies state that sales have increased, whereas more commerce companies state that profitability has decreased during the first quarter. When it comes to employees, the proportion of commerce companies that have decreased their employees is still seen to be greater than the group of companies that have increased their employees (net balance -15).

The situation lately has clearly improved within commerce as the companies' future expectations are more optimistic - at least in terms of sales volume. More commerce companies (net balance 56) believe in increased sales during the second quarter. Also, a few more commerce companies (net balance -5) plan to decrease their employees in the coming period. Looking at the demand movement patterns, the number of visits to Gothenburg's densest area for retail stores shows a decrease for the most recent period. Among other things, the number of visits in Gothenburg's Inner City during the period February-April 2024 decreased by 6.7 per cent (from 3.3 to 3.0 million visits per month) compared with the same period in 2023. For April 2024 alone, compared to April 2023, visits decreased by just above 16 per cent, which annually corresponds to approximately 616,000 fewer visits.

Commerce in Gothenburg region, current and coming

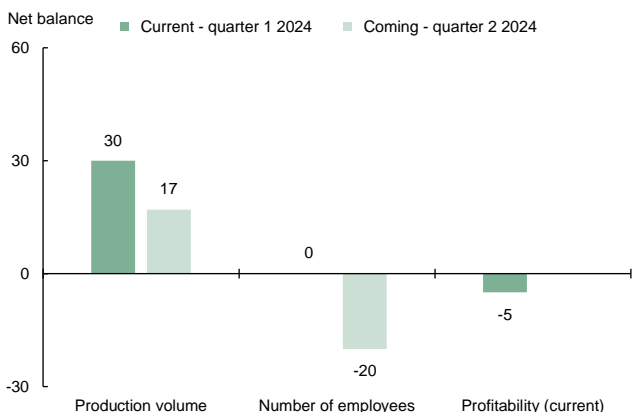


Manufacturing still expects less employed ahead

During the last quarter of 2023, the economic tendency for the region's manufacturing companies was in a normal, yet weak state. The situation from quarter to quarter has, however, improved during the latest period. With an economic tendency indicator at 99.7 for the first quarter 2024, the economic tendency within manufacturing is currently perceived as normal. The production volume has increased during the first quarter and the capacity utilised still remains high at 85 per cent. Regarding the current order intake from the export market, a lot of manufacturing companies state that it has decreased (net balance -51). In terms of employees the outcome for the most recent period shows that the situation is unchanged within manufacturing (net balance 0). On the other hand, the profitability among the manufacturing companies is currently perceived to have decreased somewhat (net balance -5).

The production volume is expected to increase ahead (net balance 17). Expectations for the order intake from the export market over the next three months are, in contrast to the current situation, more positive (net balance 31). At the same time, more manufacturing companies expect to reduce the workforce (net balance -20) during the second quarter. The survey shows that some factors continue to limit the present state of production. Among other things, approximately two thirds of the manufacturing companies state that a weak demand has limited their production. Other factors are above all labour shortages, as well as lacking materials and equipment.

Manufacturing in Gothenburg region, current and coming

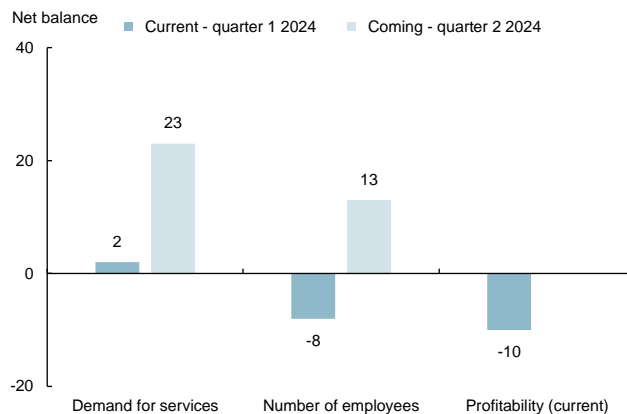


Still a normal weak situation within services

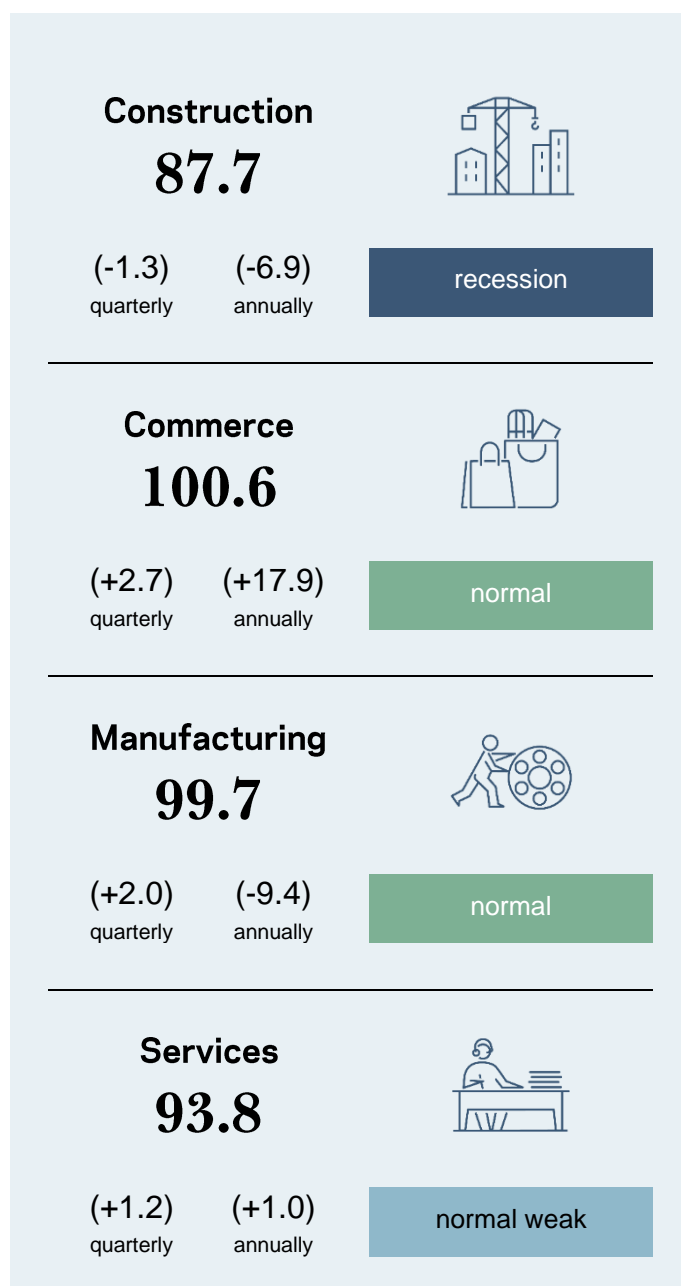
In the survey for the first quarter of 2024, the tendency within the Gothenburg region's services sector improves somewhat compared to our previous Economic Outlook report. The services companies experience the current situation as a period that is slightly easier to conduct business. In terms of demand for services, only a few more services companies (net balance 2) say that demand has increased during the latest quarter. The profitability within services looks somewhat worse compared to before and has decreased (net balance -10). In terms of number of employees, somewhat more services companies have decreased their employees (net balance -8) during the first quarter of 2024. It is worrying, however, that more than half (55%) of the services companies state that a poor demand, at the moment, is limiting the operations. Also, just above one fifth (21%) of the services companies state that labour shortages limit their present services operations.

The outlook for the services sector in the Gothenburg region is more positive. More services companies predict that demand for their services ahead will increase compared to the current state (net balance 23). In addition, on the ongoing survey question 'what is the outlook for the services sector in 6 months?' more services companies expect an improved situation (net balance 34). Simultaneously, more services companies state that they expect to employ staff during the second quarter of 2024 (net balance 13). Currently, however, the economic tendency indicator for services in the Gothenburg region stops at 93.8 (+1.2 units quarterly), which indicates that the services sector still experiences a normal weak economic tendency.

Services in Gothenburg region, current and coming



Economic tendency indicator per sector for businesses in the Gothenburg region, quarter 1 2024

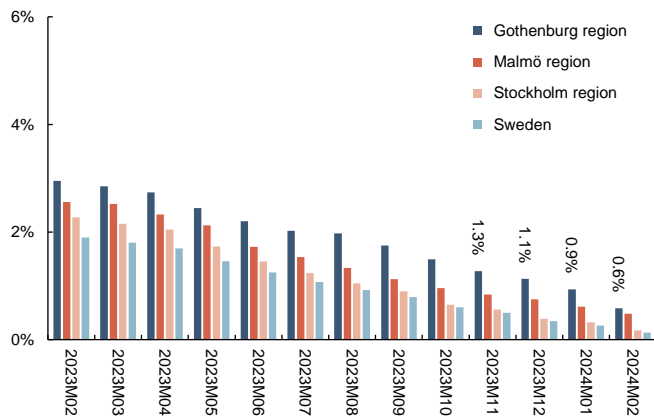


Source: National Institute of Economic Research

Job growth still losing momentum

In several of our Economic Outlook reports, in 2021, 2022 and also during the first half of 2023, we have observed a strong job market in the Gothenburg region – and the situation now is that the region's job growth remains positive, yet has lost most of its momentum. During the period December 2023 to February 2024, job growth in the Gothenburg region was at 0.6 per cent on an annual basis. Just above 569,000 people were on average employed per month during the period, which can be compared with an average of about 566,000 people in the same period a year before. The increase in the Gothenburg region shows, once again, that job growth is stronger than in the Malmö region (+0.5% on an annual basis) and in the Stockholm region (+0.2% on an annual basis). The job growth for Sweden remained at 0.1 per cent.

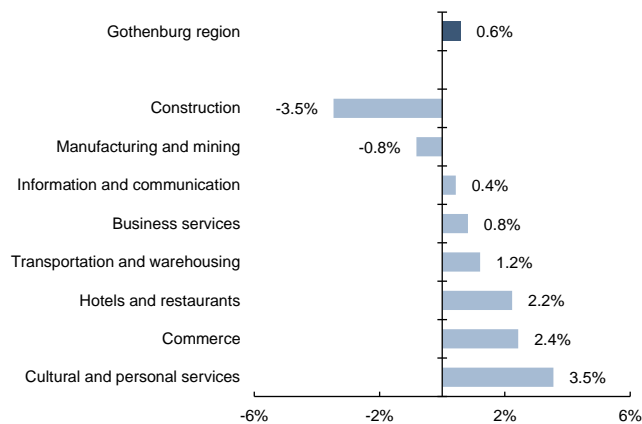
Employment indicator – annual percentage change in number of employed aged 15-74, three-month average



Source: Statistics Sweden

During the latest period, we see that job growth has decreased within construction and manufacturing. However, the employment has grown well within cultural and personal services, commerce, hotels and restaurants, transportation and warehousing, business services and within information and communication (the figure below shows only the average percentage change in employees in the region's larger roughly defined sectors – this is due to that small changes in smaller sectors can lead to great fluctuations in percentage terms).

Average change (in %) in employed persons aged 15-74 by sector, Dec 2023 - Feb 2024 compared to Dec 2022 - Feb 2023



Source: Statistics Sweden

Moreover, the largest job potential ahead is the investment of Northvolt and Volvo Cars in a battery factory and a R&D centre on Hisingen (about 3,000 jobs). Another large investment that can bring increased job growth forward is the electric car manufacturer Polestar's establishment of a new global headquarters with a centre for design and R&D in Frihamnen. Other projects

with great job potential in the region are the development around Säve Airport, GoCo and Forsåker in Mölndal as well as Link40 in Härryda.

The Gothenburg region's companies currently experience a state of economic tendency that is normal weak. However, demand for skilled labour remains somewhat high, despite that the level of job vacancies has almost halved, especially within the region's services sector. Job growth has lost a good momentum over the last year, and we expect that the job growth will lose further momentum in the remainder of 2024.

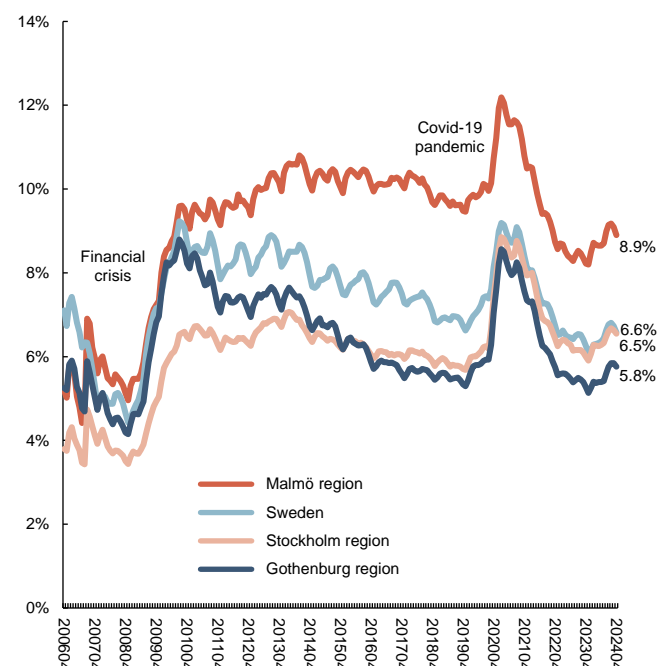
Sharpest increase in unemployment among youths

Compared to the previous Economic Outlook report we observe that unemployment, on an annual basis, in the Gothenburg region continues to increase during the first quarter and also in the opening month of the second quarter 2024. In April 2024, unemployment was at 5.8 per cent in the Gothenburg region (+0.5%-points on an annual basis), which corresponds to just above 32,500 persons (unemployed and in labour market policy programs). Of the registered people in the region, 42 per cent are domestically born and 58 per cent are foreign-born. One fifth of the people in unemployment have been out of work for more than two years. Approximately 3,400 of these people are youths (aged 18-24). In the Stockholm region, unemployment was at 6.5 per cent (+0.5%-points on an annual basis) and in the Malmö region at 8.9 per cent (+0.7% points on an annual basis). Unemployment in Sweden remains at 6.6 per cent (+0.3%-points on an annual basis).

The unemployment rate, on an annual basis, increases for all the groups we follow in the region's labour market. The largest increase in unemployment is observed among youths, especially among foreign-born youths. In April 2024, for example, unemployment among foreign-born youths was at 12.1 per cent (+2.4%-points on an annual basis). Unemployment continues to be very high for foreign-born people. Looking at the entire group of foreign-born people, unemployment was at 12.8 per cent in April 2024 (for Sweden as a whole the corresponding figure was at 15.1%). For the total group of youths aged 18-24 in the Gothenburg region, unemployment stopped at 5.9 per cent in April (+0.9%-points on an annual basis).

The economic tendency is normal weak at the moment and our expectation is that 2024 will develop as a weak year for the regional economy. Companies are still cautious with hiring and overall is the risk that unemployment will increase further up until autumn.

Unemployed and people in labour market policy programmes – percentage of the work force aged 16 to 65



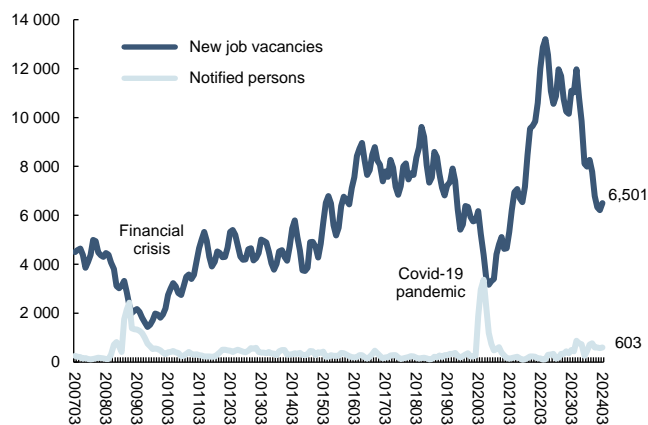
Source: Swedish Public Employment Service

New vacancies have almost halved in the past year

Since the end of 2021, new job vacancies in the Gothenburg region's labour market have been at a very high level. Currently, job seekers continue to be difficult to match with vacant jobs in the region. Yet, we see that added new job vacancies to the region's labour market have almost halved on an annual basis. During the period January to March 2024, an average of just above 6,500 new job vacancies for permanent positions were advertised per month in the region. This, however, corresponds to a decrease of about 41 per cent compared with the same period a year before. Most new job vacancies with a permanent position are still advertised within business services, followed by the health care and care sector, education and commerce (there may be some duplication in the new job vacancy statistics, but the indicator is still assessed as relevant to follow).

For the period January to March 2024, notified persons continue on an upturn, yet still from a low level. The most recent period had an average of just above 600 notified persons per month (an increase of approximately 23% on an annual basis). The average number of notifications per month for the most recent period is well above the median for the 2000s at 308 notified persons per month. Mostly, the notifications in the region during the latest period are linked to the sectors 'commerce', 'construction', 'law, accounting, science and technology' and 'manufacturing'. Among other things, the electric aircraft manufacturer, Heart Aerospace, announced in February 2024 that the company is laying off 70 people as the company undergoes a major reorganisation. In March 2024, Volvo Trucks announced that approximately 250 staffing and part-time employees at the factory in Tuve will be affected by a reduced rate of production. The construction developer, NCC, also announced in March that its laying off staff due to local market variations. 20 employees in Gothenburg are affected by the notice of NCC. Early in May 2024, AstraZeneca confirmed that the company is laying off 200 people in Mölndal. The reason for AstraZeneca's notification is currently unclear. No other major notices have been announced during the period, but rather many smaller notices in Gothenburg, Mölndal, Alingsås and Kungälv, which together account for 96 per cent of all notices in the region the latest period. Our assessment is that the notifications in the Gothenburg region will continue to increase ahead.

New job vacancies for permanent positions and notified persons in the Gothenburg region, three-month average



Source: Swedish Public Employment Service

Other indicators

The office vacancy rate marginally up year-on-year

In JLL's real estate market data for the first quarter of 2024, the vacancy rate for offices in Gothenburg increases, yet only marginally. During the first quarter of 2024, Gothenburg listed 10.9 per cent vacant space for offices, which is an increase by 0.2 percentage points on an annual basis. The largest increases, on an annual basis, are still seen in the districts Norra Älvstranden and Mölndal. In Gothenburg's Central Business District (CBD), the office vacancy rate reaches 11.7 per cent (+0.6%-points on an annual basis) and in the Remaining Inner City it stops at 9.1% (-0.2%-

points on an annual basis). 7,000 m² office space was completed during the first quarter (all added office space in Norra Älvstranden). About 149,000 m² office space is under production for completion in 2024-2025 (mostly in the CBD, but also in Mölndal and Norra Älvstranden). Office rents, on an annual basis, increase in most of the districts in Gothenburg, yet are unchanged in the CBD (refers only to prime rents).

Upwards for the housing prices in Gothenburg region

In SBAB Booli's May summary for housing prices in April 2024 we see that housing prices increase. The sharpest price increase for flats over the last 6 months is observed in the Stockholm region. Moreover, on an annual basis, flat prices increase in all three metropolitan regions, and also within this time context the Stockholm region sees the strongest increase. In April 2024, the prices of flats increased by 1.6 per cent on an annual basis in the Gothenburg region. The corresponding figure in the Stockholm region was an increase of 4 per cent, whereas the flat prices in the Malmö region increased by 3.1 per cent.

House prices now show an increase over the past year in the Gothenburg region. Among the metropolitan regions, the Malmö region sees the sharpest increase with 4.6 per cent on an annual basis, followed by the Stockholm region (+1.6%). The corresponding in the Gothenburg region was an increase by 1.5 per cent on an annual basis. Looking at the last 6 months, house prices are increasing in all three metropolitan regions with the Stockholm region showing the sharpest increases in house prices over the period.

Price development of flats and houses, April 2024 compared to 1, 3, 6 and 12 months back in time

| Housing type | Region | 1 month | 3 months | 6 months | 12 months |
|--------------|-------------------|---------|----------|----------|-----------|
| Flats | Gothenburg region | 0.7% | 2.8% | 4.1% | 1.6% |
| | Stockholm region | 1.4% | 4.7% | 5.9% | 4.0% |
| | Malmö region | 0.2% | 2.3% | 5.8% | 3.1% |
| | Sweden | 1.2% | 3.7% | 5.2% | 3.2% |
| Houses | Gothenburg region | 0.5% | 2.1% | 1.9% | 1.5% |
| | Stockholm region | 1.1% | 4.3% | 4.1% | 1.6% |
| | Malmö region | 0.8% | 4.0% | 2.7% | 4.6% |
| | Sweden | 1.9% | 4.1% | 4.2% | 1.9% |

Source: SBAB Booli

Bankruptcies and affected employees still increasing

The most recent period shows that bankruptcies and employees affected by bankruptcy continue to increase in the Gothenburg region. During the period January to March 2024, 299 companies in the Gothenburg region filed for bankruptcy, which corresponds to an increase of 36.5 per cent compared with the same period a year before. The bankruptcies during the latest period have primarily affected companies within commerce and business services, but also other sectors such as construction and hotels and restaurants.

Also, for affected employees, as due to bankruptcy, we observe an increase. Between January and March 2024, 664 employees in the Gothenburg region were directly affected when their employers filed for bankruptcy (+28.2% on an annual basis). Construction is the sector with the most affected employees (one third of the people affected by a bankruptcy). Moreover, also manufacturing, commerce and business services have a large share of the employees that have been affected by a bankruptcy lately.

Looking at annual changes in number of bankruptcies, it is above all within commerce and construction that bankruptcies have increased most strongly. Within property, however, bankruptcies decrease on an annual basis. In terms of affected employees, the sharpest increase is observed within manufacturing, and with its few bankruptcies it gives us an indication that the bankrupted manufacturing company is somewhat larger than the average company filing for bankruptcy. A strong annual increase in affected employees is also seen within construction. Business services, financial services and insurance, as well as information and communication are sectors where affected employees have decreased in the past year.

Number of bankruptcies and affected employees in the Gothenburg region, by sector, January-March 2024

| Sector | Bankruptcies | | Affected employees | |
|----------------------------------|--------------|------------|--------------------|-------------|
| | No. | Annually | No. | Annually |
| Commerce | 58 | +19 | 90 | +13 |
| Business services | 55 | +7 | 82 | -156 |
| Construction | 51 | +15 | 218 | +146 |
| Hotels and restaurants | 23 | +4 | 44 | +12 |
| Manufacturing and mining | 14 | +6 | 176 | +162 |
| Information and communication | 14 | +7 | 5 | -8 |
| Transportation and warehousing | 11 | +2 | 43 | +22 |
| Financial services and insurance | 6 | +4 | 0 | -20 |
| Property | 6 | -3 | 0 | -1 |
| Cultural and personal services | 4 | +2 | 0 | 0 |
| Other sectors | 57 | +17 | 6 | -24 |
| Gothenburg region total | 299 | +80 | 664 | +146 |

Source: Statistics Sweden and Growth Analysis

Foreign guest nights lifts the region's hospitality sector

Travels to and from the Gothenburg region during the first quarter of the year continue to show a process of recovery at a good pace. During the period January to March 2024, Gothenburg Landvetter Airport had an average of just above 345,000 air passengers per month (+3.7% on an annual basis). Of the air passenger journeys made in the most recent period, 13 per cent are domestic journeys, 81 per cent are European journeys and the remaining 6 per cent comprise of journeys to the rest of the world. During 2024, Norwegian expands its portfolio from Gothenburg Landvetter Airport with new routes to London, Nice, Palma, Dubrovnik and Pristina. Ryanair is also opening new direct routes from Gothenburg to Brussels, Rome and Sarajevo.

In the most recent period, the Gothenburg region's hospitality sector continues to show progress for spent guest nights in the region, above all from foreign visitors. During the period January to March 2024, the number of guest nights spent at the region's hotels, hostels and campsites increased by 2 per cent compared to the same period in 2023. Looking at the period, an average of about 346,000 guest nights per month were spent in the Gothenburg region, of which just above 83,000 guest nights per month were from foreign visitors. Above all, it was the foreign guest nights that contributed to the increase during the most recent period, as the domestic guest nights spent in the region decreased on an annual basis. Looking at the occupancy rate (which here only refers to hotels) in the Gothenburg region, it stopped at 57.7 per cent for March 2024 alone. Yet, seen as an average per month for the first quarter 2024, the occupancy rate reached 52.6 per cent (-4.4%-points on an annual basis).

New car sales at a record low level

Trends in the consumption of durable goods, such as the number of newly registered cars, is an important indicator when assessing the state of the private economy. During the period January to March 2024, just above 6,000 new cars were registered in the Gothenburg region (-13.7% on an annual basis). About one third of the new sold cars were electric cars. For electric cars alone, new car sales decreased by 26.4 per cent on an annual basis, from just above 2,500 to approximately 1,900 electric cars.

New car sales for the most recent quarter show the second worst sales figure for this particular quarter since 2002. The climate bonus stop, high interest rates and a poor economy are some of the driving forces behind the decrease in the most recent period. The weak development for new car sales also gives us a clear sign of a private economy that is more cautious in combination with a weak economic tendency.

Summary of the economic situation in the Gothenburg region – comparison with corresponding period previous year

| Indicator | 2024 | 2023 | Change |
|---|---------|---------|-------------|
| Export-weighted GDP growth key markets | 1.6% | 1.6% | ±0.0%-p. |
| Economic tendency, Q1 | 94,8 | 93,3 | +1.5 units |
| Construction | 87,7 | 94,6 | -6.9 units |
| Commerce | 100,6 | 82,7 | +17.9 units |
| Manufacturing | 99,7 | 109,1 | -9.4 units |
| Services | 93,8 | 92,8 | +1.0 units |
| Employed persons, Dec-Feb (monthly average) | 569,179 | 565,871 | +0.6% |
| Unemployment, April | | | |
| Total 16-65 years | 5.8% | 5.3% | +0.5%-p. |
| Domestically born 16-65 years | 3.3% | 2.7% | +0.6%-p. |
| Foreign-born 16-65 years | 12.8% | 12.7% | +0.1%-p. |
| Total 18-24 years | 5.9% | 5.0% | +0.9%-p. |
| Domestically born 18-24 years | 4.7% | 3.5% | +1.2%-p. |
| Foreign-born 18-24 years | 12.1% | 9.7% | +2.4%-p. |
| New job vacancies, Q1 (monthly average) | 6,501 | 11,091 | -41.4% |
| Notified persons, Q1 (monthly average) | 603 | 490 | +23.1% |
| Office vacancy rate in Gothenburg, Q1 | 10.9% | 10.7% | +0.2%-p. |
| Price index flats, April | 1.827 | 1.798 | +1.6% |
| Price index houses, April | 1.739 | 1.713 | +1.5% |
| Number of bankruptcies, Q1 | 299 | 219 | +36.5% |
| Affected employees, Q1 | 664 | 518 | +28.2% |
| Air passengers, Q1 (monthly average) | 345,386 | 333,001 | +3.7% |
| Guest nights, Q1 (monthly average) | | | |
| Total | 345,967 | 339,185 | +2.0% |
| Domestic | 262,836 | 267,033 | -1.6% |
| Foreign | 83,131 | 72,152 | +15.2% |
| Hotels occupancy rate, Q1 (monthly average) | 52.6% | 57.0% | -4.4%-p. |
| New car registrations, Q1 | 6,060 | 7,025 | -13.7% |
| of which electric cars | 1,864 | 2,531 | -26.4% |

Source: National Institute of Economic Research, Statistics Sweden, Swedish Public Employment Service, JLL, SBAB Booli, Growth Analysis, Swedish Transport Agency, Swedish Agency for Economic and Regional Growth and Transport Analysis

Business Region Göteborg (BRG) strives to achieve sustainable growth and employment in the Gothenburg region's 13 municipalities. The report is based on analyses conducted by BRG and compilations of surveys and other sources, with the latter including Statistics Sweden, Swedish Public Employment Service, National Institute of Economic Research, SBAB Booli, JLL, Growth Analysis, Swedish Agency for Economic and Regional Growth and Swedish Transport Agency. Unless stated otherwise, the statistics refer to our member municipalities: Ale, Alingsås, Gothenburg, Härryda, Kungälv, Kungsbacka, Lerum, Lilla Edet, Mölndal, Partille, Stenungsund, Tjörn and Öckerö. The contact persons for the Economic Outlook Report are Peter Warda, Senior Analyst and Henrik Einarsson, Head of Establishment. The report and all tables and charts can be downloaded from www.investingothenburg.com.

Some definitions regarding the survey from the National Institute of Economic Research

The economic tendency indicator

The economic tendency indicator is an overall measure of the perceptions and expectations for i) all sectors as a total and ii) each sector, respectively. The indicator is calculated as an average of the net balance for a number of questions in the survey, then followed by a standardisation into a new time series with an average value of 100 and a standard deviation of 10.

With this new time series it is possible to produce five distinct categories of the current economic tendency among businesses:

Recession (< 90), normal weak economic tendency (90 < 99), normal economic tendency (99 < 101), normal strong economic tendency (101 < 110) and boom (≥ 110).

The net balance

The net balance is the difference between the proportion of respondents who answered, for example, increased (better) or decreased (worse) to a question. The net balance takes values between -100 (all answers are negative) and +100 (all answers are positive). An example:

40% of the companies state that sales have increased, 10% state that sales have decreased and 50% of the companies' state that sales are unchanged. The net balance in this case will be 30 ($40 - 10 = 30$).

All responses are weighted by firm size in the survey. The weight applies to both the economic tendency indicator and the net balance.

What is included in the four sectors?

The survey only includes answers from companies in the private sector. Public producers of goods and services are not part of the survey from the National Institute of Economic Research. Sectors are classified according to the Swedish Standard Industrial Classification (SNI).

What is included in construction?



The construction industry includes:

- Construction of buildings
- civil engineering
- and specialised construction such as:
- demolition, electrical and other construction installations
- HVACS work
- final treatment of buildings etc.

SNI: 41-43

What is included in commerce?



Commerce includes companies within:

- car sales
- wholesale
- wholesale on a fee or contract basis
- durable goods sales
- daily goods sales
- e-commerce
- other types of sales

SNI: 45-47

What is included in manufacturing?



Manufacturing includes all industries such as:

- intermediate goods production
- textiles industry
- food industry
- wood and paper industry
- chemical industry
- metals and mineral industry
- machinery industry
- automotive industry

and much more...

SNI: 10-33

What is included in services?



Services includes the whole services sector such as:

- transportation
- hotels and restaurants
- business services
- information and communication
- property
- financial services and insurance
- cultural and personal services

and much more...

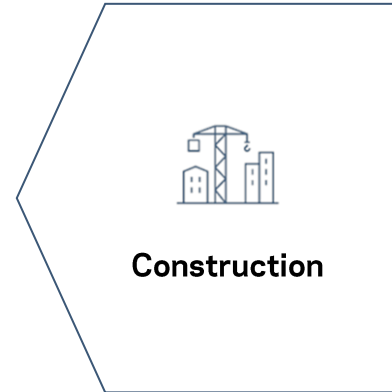
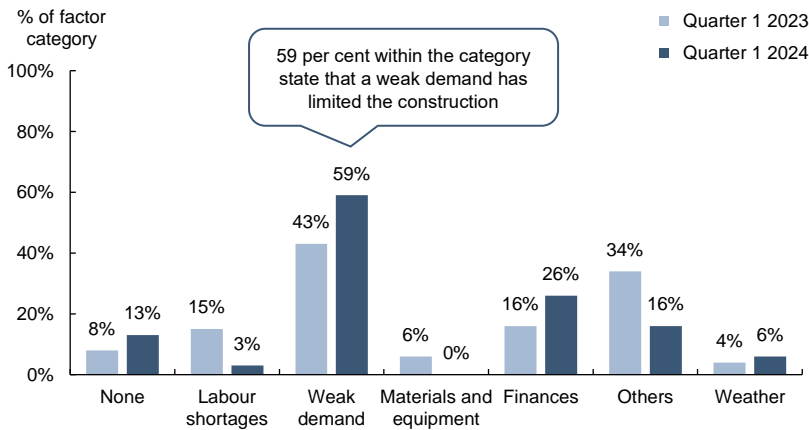
SNI: 49-96, all public SNI-codes excluded

Companies' limitations

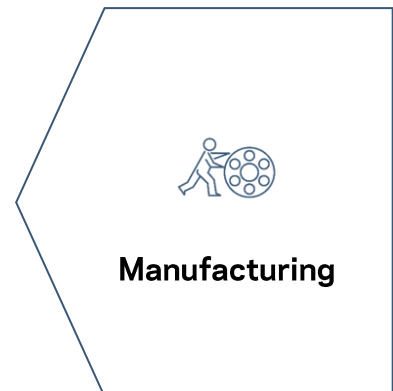
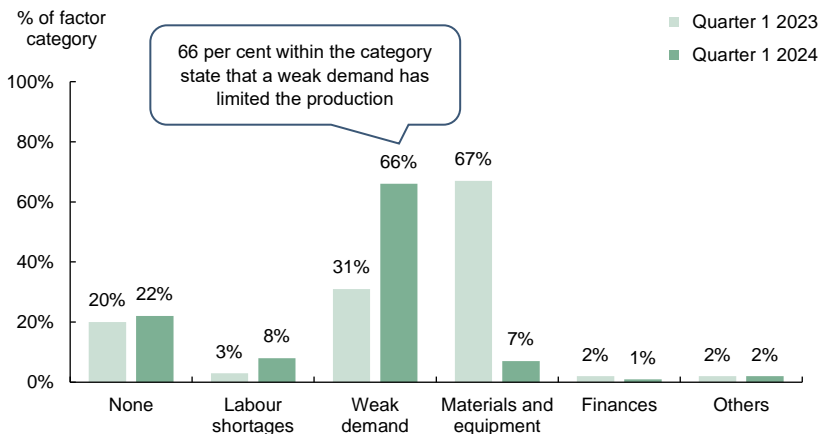
In the survey from the National Institute of Economic Research questions are also asked, depending on sector and factor, whether the companies have experienced any kind of limitations to their operation, production and construction. The additional survey questions on limitations do not cover the commerce sector, thus answers here are only reported for the three sectors construction, manufacturing and services.

The answers refer to the share within a specific factor category. For example, if 50 out of 100 construction companies answer that a 'weak demand' has limited the construction, then the share is 50 per cent. Note that, companies can state more than one underlying factor for the limitation, which implies that the summation across factor categories can result in a sum that is greater than 100 per cent.

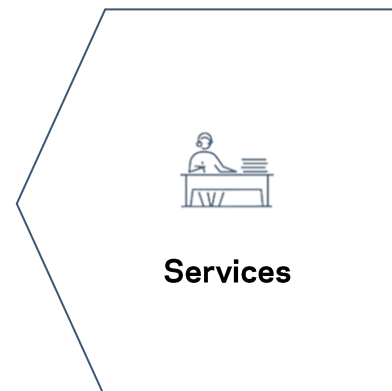
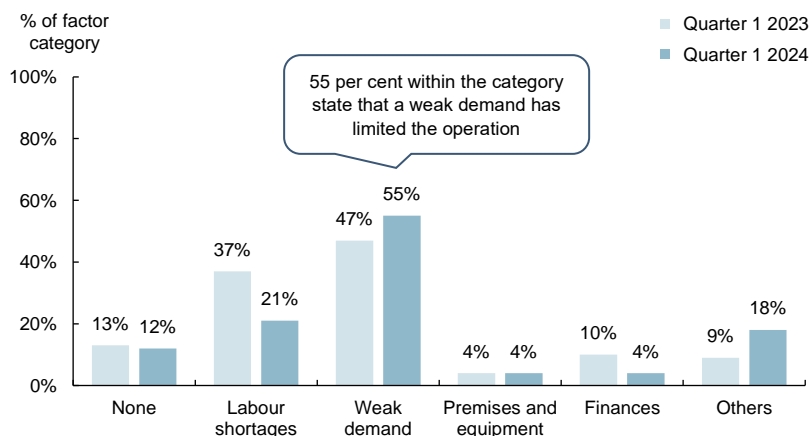
Factors that limit the construction



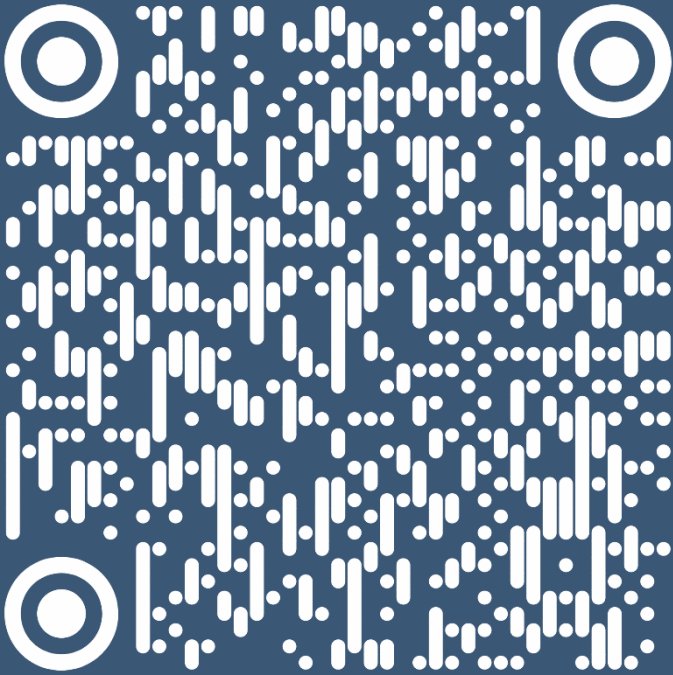
Factors that limit the production



Factors that limit the operation



SCAN THE QR CODE TO GET ACCESS
TO MORE FACTS AND ANALYSIS





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