



#2  
2021

# ECONOMIC OUTLOOK

THE GOTHENBURG REGION

-0,3%-points  
Unemployment



107,5  
Economic tendency  
(normal strong)

Extra appendix  
In-depth analysis  
within commerce  
and services

Pages 5-6



BUSINESS REGION  
GÖTEBORG

## SUMMARY

Our indicators show clear signs that the regional economy, during the beginning of the year, has slowly started on a recovery path. Among other things, the tendency for the Gothenburg region's companies gears up to a normal, yet strong position. At the same time, key markets' growth expectations are further strengthened. Unemployment in the region continues to decrease and redundancies remain at record low levels. In addition, we see rising housing prices and that bankruptcies are fewer during the pandemic compared to the same period a year earlier. Despite this favourable development lately, the situation continues to be very difficult for the hospitality sector in the Gothenburg region.

## TRADE AND INDUSTRY

### Key markets' growth expectations further strengthened...

In this year's first Economic Outlook, we wrote that 2021 would be a year of growth and recovery for the economies in the region's key markets - and there is much to suggest that this particular development can be the result. Vaccinations worldwide are steadily increasing and in the combined forecasts from the IMF, OECD and the EU, growth expectations are seen to be further strengthened and the economies of the region's key markets are expected to grow between 3 and 7 per cent.

The USA, the Gothenburg region's largest export market, is expected to grow by 6.4 per cent in 2021. As early as the beginning of May, there were reports that economic impact payments combined with an increased vaccination rate in the US caused the economy to lift significantly during the first quarter of 2021. However, the strongest growth is still expected to come from China, which is expected to grow by 7 per cent this year. The economies in the Nordic countries and the Netherlands are also expected to grow, albeit by about 3 per cent. In the remaining important markets for the region, growth is expected to be somewhat stronger compared with the Nordic neighbours, primarily France, Belgium, Germany and the United Kingdom. In the Eurozone, growth in 2021 is expected to be at 4 per cent.

It is still difficult to tell what magnitude the global development in 2021 will have on businesses in the Gothenburg region. But we see that key markets are slowly improving their positions. Our export weight for GDP growth in key markets is further strengthened compared with the previous Economic Outlook and shows an increased growth of 4.7 per cent in 2021, and in 2022, the export weight stays at 3.7 per cent.

### ...and good expectations ahead for Sweden's economy

In the National Institute of Economic Research's summary of the latest forecasts for Sweden's GDP growth, expectations for the economy are good. The average for the five most recent forecasts for Sweden's GDP growth in 2021 shows that the economy is expected to grow by 3.6 per cent, which is also the expected level for the Swedish GDP growth in 2022. Compared to the average for the Eurozone, Swedish GDP growth in 2021 and 2022 is expected to be somewhat weaker.

The barometer indicator for Sweden rose sharply in April and the tendency in the economy is currently very strong. The situation improves in all sectors, especially within retail. In the services sector, all the in-depth questions of the survey improved. Within retail, the indicator for sales increased sharply and is explained primarily by better expectations on future sales volume, but also by an increased sales volume in the present moment. The companies' assessment of the size of inventories raised the mood within the manufacturing sector, whereas less pessimistic employment plans contributed to the upswing within construction. Households' views on both Sweden's and their own finances show a clear improvement.

### Tendency in the region gears up to normal, yet strong

The National Institute of Economic Research's survey for the first quarter of 2021 shows that the situation in the region's business environment is improving significantly and the region's companies experience a normal, yet strong economic tendency. The economic tendency indicator for the first quarter of 2021 stops at 107.5 for companies in the Gothenburg region and is rather close to the next interval limit, at 110 and upwards, which indicates an economic tendency that is perceived as a 'boom' (see interval interpretations to the right).

### Strong tendency improvement in commerce and services

Overall, the situation for the region's commerce sector (incl. e-commerce, etc.) deteriorated during the fourth quarter of 2020. The first quarter of the year shows that the situation has improved significantly within commerce. The economic tendency indicator for the first quarter stops at 110.5, which indicates that the commerce companies are experiencing a boom. Both sales and profitability during the first quarter increased sharply. Also, employees within commerce increased slightly during the period. At the same time, the proportion of commerce companies that are not expected to employ in the quarter to come decreases. However, the situation for retail stores in the region still remains tough. Among other things, the number of people movements in Gothenburg's Inner City during the first quarter of 2021 decreased by as much as 43 per cent, from 9.2 to 5.3 million movements, compared with the same period in 2020. During April 2021, movements are seen to increase slightly, but the comparison period (i.e. April 2020) is, after all, a bottom line since the pandemic outbreak. The services sector in the Gothenburg region experiences the first quarter of the year as a much better period to conduct business. A clear improvement in

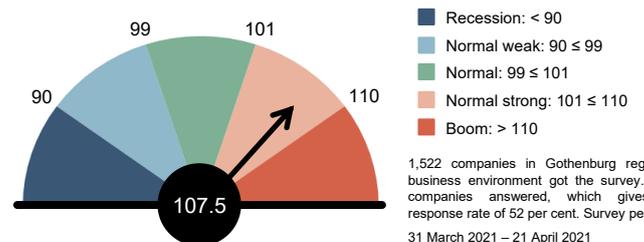
### REAL GDP GROWTH – FORECAST 2021-2022 (IN %) FOR SWEDEN AND SOME OF THE GOTHENBURG REGION'S KEY EXPORT MARKETS

Country	Share of region's exports	2021	↕	2022
Sweden*		3.6%	→	3.6%
USA	14.4%	6.4%	↘	3.9%
Belgium	10.9%	4.9%	↘	2.7%
Norway	9.7%	3.0%	↗	3.2%
China	9.5%	7.0%	↘	4.9%
Germany	8.3%	4.5%	↘	3.8%
Denmark	7.3%	2.6%	↗	3.3%
Finland	5.7%	3.2%	↘	3.0%
United Kingdom	5.1%	4.2%	↗	4.9%
Netherlands	3.8%	3.0%	→	3.0%
France	3.4%	5.7%	↘	4.2%
GDP growth for Gothenburg region's top 10 export markets (weighted by export share)	78.1%	4.7%	↘	3.7%
Eurozone		4.0%	↘	3.9%
World		5.7%	↘	4.2%
World trade, goods and services		8.4%	↘	6.5%

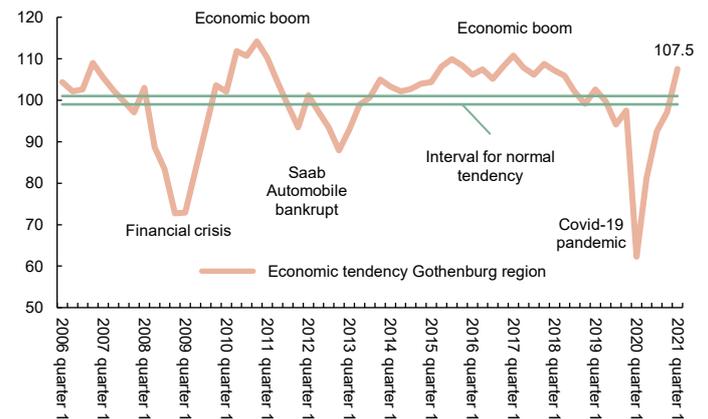
Source: IMF, Swedbank, Handelsbanken (April 2021), OECD (March 2021) and EU (February 2021)

\* Average of the five last forecasts in the summary produced by the National Institute of Economic Research based on data from Handelsbanken, The Riksbank, Swedbank, the Swedish Government and Danske Bank.

### ECONOMIC TENDENCY INDICATOR FOR BUSINESSES IN THE GOTHENBURG REGION – FIRST QUARTER 2021



### ECONOMIC TENDENCY INDICATOR FOR BUSINESS IN THE GOTHENBURG REGION – PER QUARTER FROM 2006



## ... from previous section

the situation is taking place in terms of demand for services. 1 in 3 services companies answers that demand for their services has increased during the quarter. Clear improvements are also seen for profitability and employees within the services sector. The outlook is very optimistic as half of the services companies predict that the demand for their services will increase in the coming period. At the same time, 1 in 3 services companies states that they are expected to employ during the second quarter of 2021. Overall, the Gothenburg region's services sector experiences a normal strong tendency as the economic tendency indicator remains at just over 108.

## Job growth marginally up within commerce and services

Due to an ongoing change of method in Statistics Sweden's employment survey, we are not able to report employment in the Gothenburg region per quarter in 2021. We can however get an indication of how the employment develops in parts of the region's private sector through the survey from National Institute of Economic Research, which includes both commerce and services. For the manufacturing and construction industry, however, we can only see the development for Sweden. Since the manufacturing sector is strongly rooted in the Gothenburg region, Sweden's development can give us a certain indication of how the employment within manufacturing is developing in the region.

During the first quarter of 2021, staff reductions are seen to have ceased and companies are currently at a stagnant employment in both the services and commerce sectors in the Gothenburg region. Future expectations show, however, that the region's services and commerce companies have plans to hire more staff. In terms of Sweden as a whole, the number of employees within manufacturing increased during the first quarter of the year, and just over a third of manufacturing companies also stated that there is a present shortage of specific skilled personnel within the workforce. However, the number of employees within construction in Sweden decreased somewhat during the quarter, primarily for plant building companies.

The Covid-19 pandemic has hit employment in the region hard for just over a year now - and it is still difficult for the job growth to gain momentum. However, we see some bright spots that show a movement in the job market forward in time. Among other things, Ica's central warehouse in Arendal will generate hundreds of new hires. Einride's raised capital of approximately SEK 1 billion also opens up for approximately 100 new hires. Within the next year, Geely is also expected to recruit around 100 people in Gothenburg to administer the group's European investments.

## Unemployment continues to fall, recovery comes closer

Unemployment has generally risen sharply across the country during the Covid-19 pandemic. In the most recent time, however, unemployment has fallen. In May 2021, unemployment was 7.3 per cent in the Gothenburg region (-0.3%-points on annual basis). Just over 40,000 people are unemployed or in labour market programs in the Gothenburg region. In the Stockholm region, unemployment was 7.8 per cent (-0.1%-points on annual basis) and in the Malmö region 10.6 per cent (-0.6%-points on annual basis). Unemployment in Sweden remains at 8.1 per cent (-0.4%-points on annual basis).

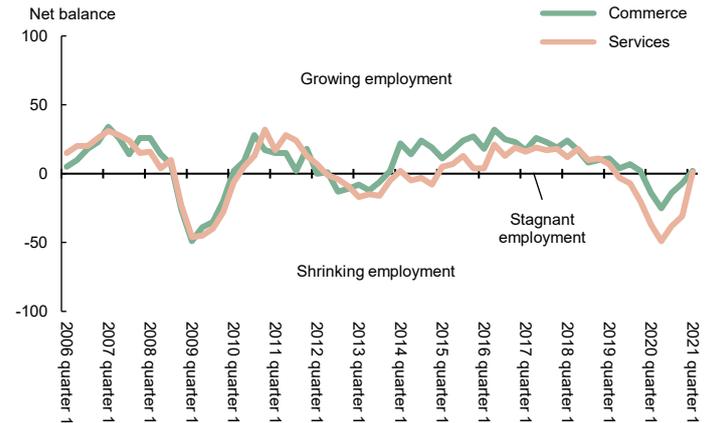
Unemployment has risen sharply in all groups in the region during 2020. Among other things, youth unemployment reached a peak in July 2020 of 12.4 per cent. In May 2021, however, we see that youth unemployment has decreased since it peaked at 8.9 per cent (foreign-born youths 20.6%). The level of unemployment is still very high among foreign-born aged 16-64, which in May 2021 stopped at 16.9 per cent (for Sweden the corresponding figure was 19.4%). Compared with just over a year ago, the level of unemployment is higher in the Gothenburg region, but in the last four months, we see that a recovery is slowly making its way into the labour market.

## Level of redundancies still at a record low in the region

During the period February to April 2021, an average of just over 6,200 newly registered vacancies for permanent job positions were advertised per month in the region. Compared with the same period the year before, this means that new vacancies for the most recent period increase by approximately 19 per cent. Most newly registered vacancies for permanent job positions are still advertised within business services, followed by health and care and education (note that there may be some duplication in the new job vacancy statistics, but the indicator is still assessed to be relevant to follow).

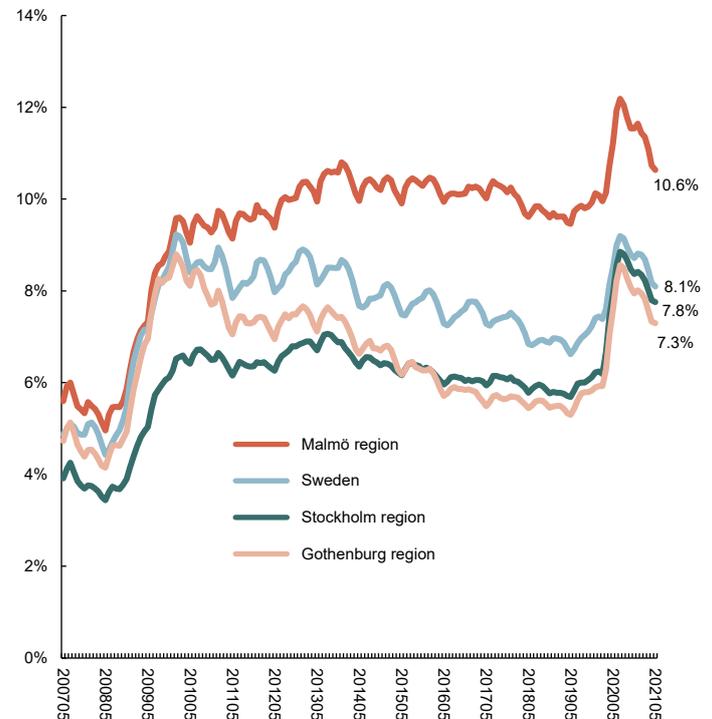
During the ongoing pandemic, we have seen that redundancies have increased sharply in the Gothenburg region, especially during the second quarter of 2020. For the period February to April 2021, however, the redundancies, like in the previous economic report, once again reach a record low level. The average for the period is 161 redundancies per month (a decrease of approximately 95% on annual basis). The average number of redundancies per month for the most recent period is clearly below the median for the 2000s of 313 redundancies per month and is one of the lowest registered levels of redundancies in the region historically. Developments in the next few months may well change, which makes it difficult to assess whether the situation has stabilized below the historical average.

## EMPLOYED PER SECTOR IN THE GOTHENBURG REGION - NET BALANCE PER QUARTER FROM 2006



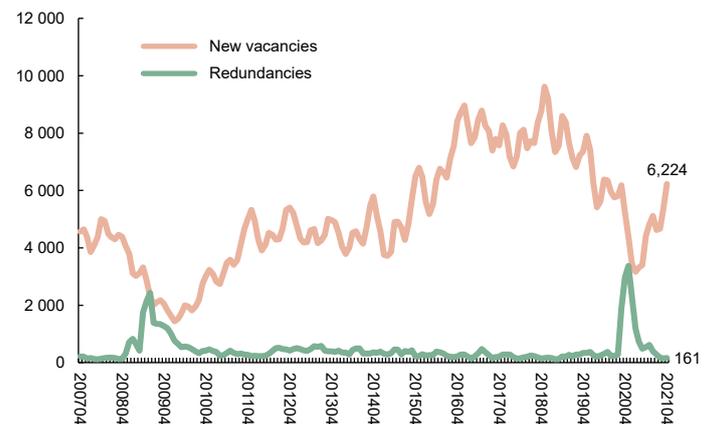
Source: National Institute of Economic Research

## UNEMPLOYED AND PEOPLE IN LABOUR MARKET POLICY PROGRAMMES - PERCENTAGE OF THE WORK FORCE AGED 16 TO 64



Source: Swedish Public Employment Service and Statistics Sweden

## NEW VACANCIES FOR PERMANENT POSITIONS AND REDUNDANCIES IN THE GOTHENBURG REGION - THREE-MONTH ROLLING AVERAGE



Source: Swedish Public Employment Service

## OTHER INDICATORS

### The office vacancy rate increases yet another quarter

In JLL's property market data for the first quarter, the vacancy rate for offices in Gothenburg continues to increase. During the first quarter of 2021, Gothenburg listed 9.5 per cent office vacancies, which is 2.5 percentage points higher on an annual basis. The largest increase in the office vacancy rate in a year is seen in Remaining Hisingen (excl. Norra Älvstranden). In the Central Business District (CBD) and the Inner City, the central parts of the city, the vacancy rate reaches 6.5 per cent and 8.7 per cent, respectively. During the first quarter of 2021, no office space was completed. Approximately 220,000 m<sup>2</sup> is under production for completion in 2021-2022, mostly in the Remaining Inner City, but also on Norra Älvstranden and in the CBD. Office rents remain unchanged, on an annual basis, in all district in Gothenburg (refers only to prime rents).

### Strong uptrend in housing prices during the pandemic

In Valueguard's May compilation for housing prices in April 2021, housing prices are seen to continue their strong upward trend during the pandemic. In April 2021, flat prices rose by 9.1 per cent on an annual basis in Gothenburg, while Stockholm's flat prices increased by 12.2 per cent on an annual basis. Flat prices continue to rise most strongly in Malmö (+18.7% on annual basis). In the shorter term, 1-6 months, flat prices are seen to increase in all three metropolitan municipalities.

When it comes to house prices, the strongest increase was seen in the Malmö region (+26.6% on annual basis), followed by the Stockholm region (+23.4% on annual basis). The corresponding figure in the Gothenburg region shows an increase of 22.6 per cent on an annual basis. If we look at the developments in a slightly shorter term, 1-6 months, here too there is an increase in housing prices in the three metropolitan regions, yet, the increase is significantly stronger compared to the increase in flat prices.

### Fewer bankruptcies yet more employees affected

Since the pandemic began in March 2020, 845 companies in the region have filed for bankruptcy up until April 2021. Compared with the same period a year before the pandemic, however, the level is lower. Yet, companies that gone bankrupt during the pandemic have had more employees compared to before. The bankruptcies have primarily affected companies within commerce, but also other sectors such as business services, construction and hotels and restaurants. If we look at the development since March 2020 and up until April 2021, the number of bankruptcies in the Gothenburg region has decreased by 5.7 per cent compared with the same period a year before. Approximately 3,500 employees in the region, of which most in March and April 2020, were directly affected when their employers filed for bankruptcy in 2020 and 2021, which corresponds to an increase of just over 9 per cent on an annual basis.

### Continued difficulties for the region's hospitality sector

During the first quarter of 2021, Gothenburg Landvetter Airport had an average of just over 39,000 passengers per month, which corresponds to a decrease of approximately 89 per cent on an annual basis. Travels during the pandemic have decreased sharply. Of the passenger flights made during the period, just over one fifth are domestic and the remaining four-fifths are foreign. Most of the foreign passenger flights have taken place within Europe. The entire transportation sector, and in particular aviation, is facing an extremely difficult recovery period ahead.

The pandemic continues to hit hard on the hospitality sector in the Gothenburg region. During the first quarter, the number of guest nights spent in the region's hotels, hostels and campsites decreased by approximately 57 per cent. Above all, there are large reductions in guest nights from Swedish visitors, but also foreign visitors. In terms of the first quarter of 2021, approximately 115,000 guest nights per month were spent in the region (of which just over 13,000 guest nights per month were foreign). This only makes up less than half the guest nights compared to the first quarter of 2020, where the pandemic outbreak had a significant impact on guest nights in March.

In terms of the occupancy rate (which here only refers to hotels) in the Gothenburg region, the picture is confirmed that the region's hospitality sector is still having a difficult time. During the first quarter of 2021, the occupancy rate at the region's hotels was at the low level of 21 per cent, which can be compared to the same period the year before when the occupancy rate was at 50 per cent.

### Sharp increase in new car sales

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. Developments in the recent period show that new car sales are increasing sharply. During the first quarter of 2021, approximately 9,300 new cars were registered in the region (+33.5% on annual basis). In April 2021, approximately 2,500 new cars were sold, which historically is a weak sales figure for this particular period.

### PRICE DEVELOPMENT OF FLATS AND HOUSES, APRIL 2021 COMPARED TO 1, 3, 6 AND 12 MONTHS BACK IN TIME

Housing type	City / region	1 M	3 M	6 M	12 M
		Mar 2021- Apr 2021	Jan 2021- Apr 2021	Oct 2020- Apr 2021	Apr 2020- Apr 2021
Flats	Gothenburg	0.3%	2.6%	3.8%	9.1%
	Stockholm	0.1%	2.6%	4.8%	12.2%
	Malmö	2.1%	6.0%	9.3%	18.7%
	Sweden	0.5%	3.1%	5.1%	12.3%
Houses	Gothenburg region	2.5%	5.7%	11.6%	22.6%
	Stockholm region	-0.1%	6.6%	10.4%	23.4%
	Malmö region	1.3%	10.0%	13.8%	26.6%
	Sweden	1.1%	6.8%	10.9%	23.0%

Source: Valueguard

### NUMBER OF BANKRUPTCIES AND AFFECTED EMPLOYEES IN THE GOTHENBURG REGION, BY SECTOR – MARCH TO APRIL

Sector	March 2019 – April 2020		March 2020 – April 2021	
	Bankruptc.	Employees	Bankruptc.	Employees
Commerce	174	1,699	168	1,591
Business services	149	232	156	348
Construction	122	421	148	709
Hotels and restaurants	76	291	81	287
Transportation and warehousing	40	119	48	185
Other service companies	32	58	30	70
Manufacturing and mining	42	127	29	113
Information and communication	40	114	22	35
Healthcare and care	11	39	17	24
Financial services and insurance	15	30	13	1
Other sectors	195	37	133	91
Gothenburg region total	896	3,167	845	3,454

Source: Statistics Sweden and Growth Analysis

### TABLE SUMMARISING THE ECONOMIC SITUATION IN GOTHENBURG REGION – COMPARISON WITH CORRESPONDING PERIOD PREVIOUS YEAR

Indicator	2021	2020	Change
Economic tendency, Q1	107.5	62.3	+45.2 units
Unemployment, May			
Total 16-64 years	7.3%	7.6%	-0.3%-p.
Domestically born 16-64 years	4.1%	4.6%	-0.5%-p.
Foreign-born 16-64 years	16.9%	17.4%	-0.5%-p.
Total 18-24 years	8.9%	10.2%	-1.3%-p.
Domestically born 18-24 years	6.1%	7.7%	-1.6%-p.
Foreign-born 18-24 years	20.6%	22.7%	-2.1%-p.
Job vacancies, Feb – Apr (monthly average)	6,224	5,239	+18.8%
Redundancies, Feb – Apr (monthly average)	161	2,972	-94.6%
Vacancy rate for offices in Gothenburg, Q1	9.5%	7.0%	+2.5%-p.
Population, Q1	1,051,244	1,044,424	+0.7%
Number of bankruptcies, Mar-Apr*	845	896	-5.7%
Affected employees, Mar – Apr*	3,454	3,167	+9.1%
New car registrations, Q1	9,278	6,950	+33.5%
Air passengers, Q1 (monthly average)	39,377	349,940	-88.7%
Guest nights, Q1 (monthly average)	114,575	264,496	-56.7%

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

\* Refers to sum for the period March 2020 - April 2021 compared to the same period in 2019 / 2020

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, the Swedish Public Employment Service, National Institute of Economic Research, Valueguard, Growth Analysis, Swedish Agency for Economic and Regional Growth and the 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 Henrik Einarsson, Head of Establishment, and Peter Warda, Senior Analyst. The report and all tables and charts can be downloaded from [www.businessregiongoteborg.se](http://www.businessregiongoteborg.se).

# Economic tendency within commerce in the Gothenburg region

What is included in commerce?

Commerce include companies within wholesale, daily goods sales and durable goods sales, as well as e-commerce.

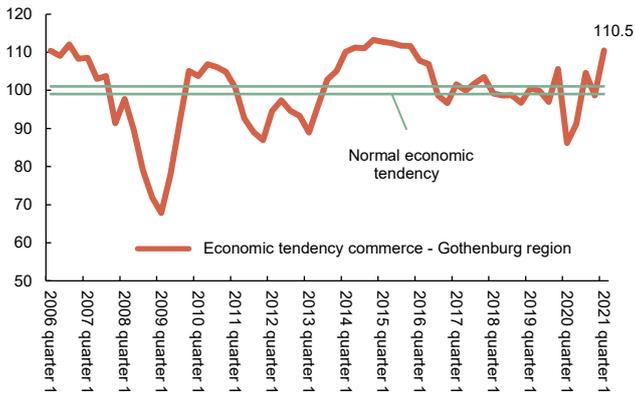


Survey period for companies during the first quarter 2021 has been March 31, 2021 to April 21, 2021. 384 commerce companies got the survey, 209 answered, response rate: 54 per cent.

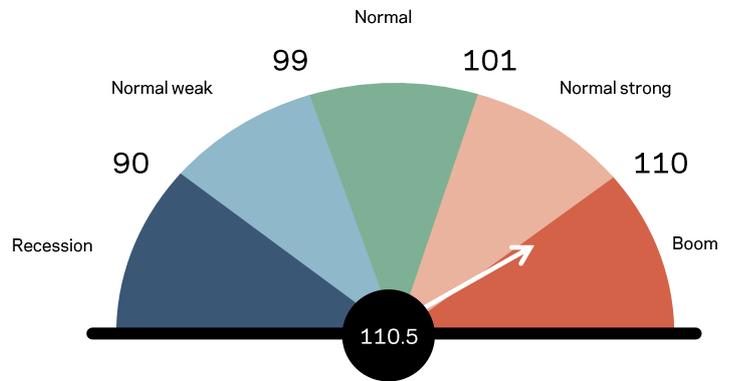
When is the survey conducted?

Source: National Institute of Economic Research

## Economic tendency for commerce over time

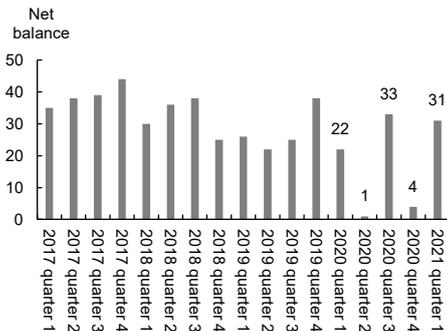


## Current tendency for commerce

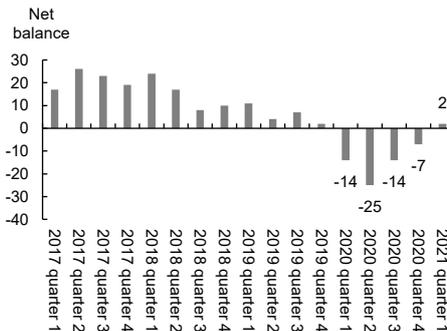


## Result last quarter

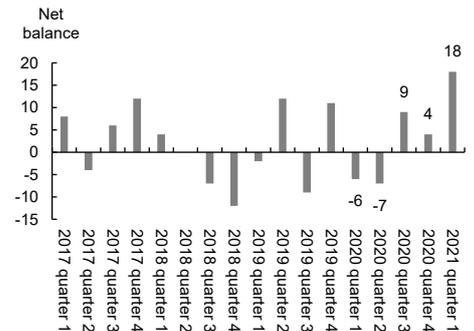
### Sales volume



### Number of employed

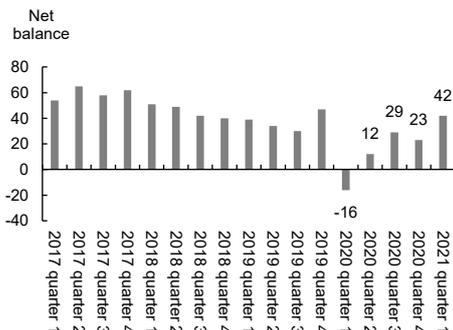


### Profitability

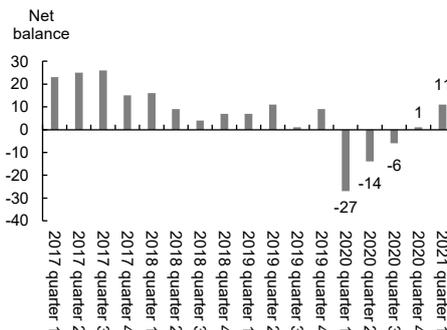


## Expectations coming quarter

### Sales volume



### Number of employed



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



BUSINESS REGION  
GÖTEBORG

# Economic tendency within services in the Gothenburg region

What is included in services?

Services comprises all services from the private sector such as transportation, hotels and restaurants, business services, information and communication, property, financial services and insurance and cultural and personal services. Services from the public sector are not included.



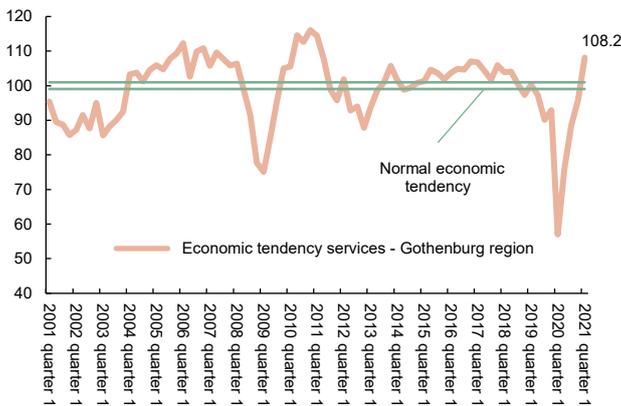
Survey period for companies during the first quarter 2021 has been March 31, 2021 to April 21, 2021. 770 services companies got the survey, 384 answered, response rate: 50 per cent.

When is the survey conducted?

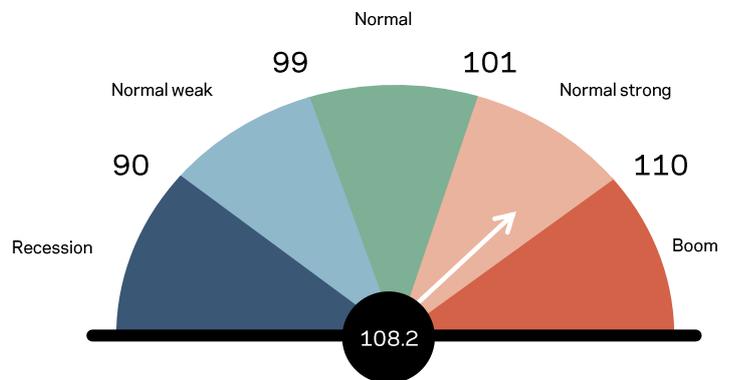


Source: National Institute of Economic Research

## Economic tendency for services over time

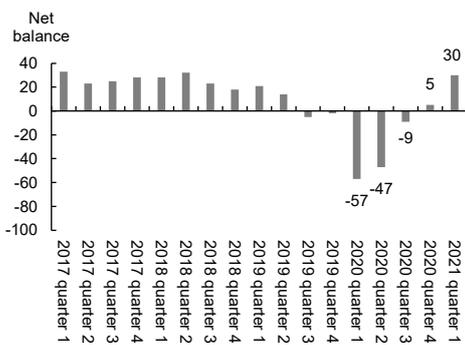


## Current tendency for services

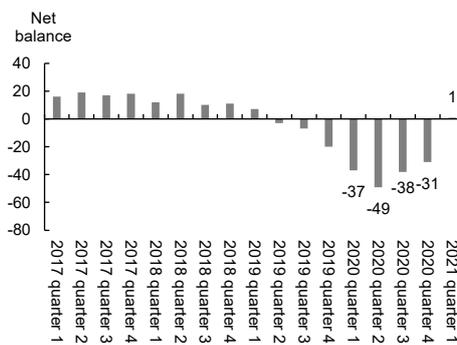


## Result last quarter

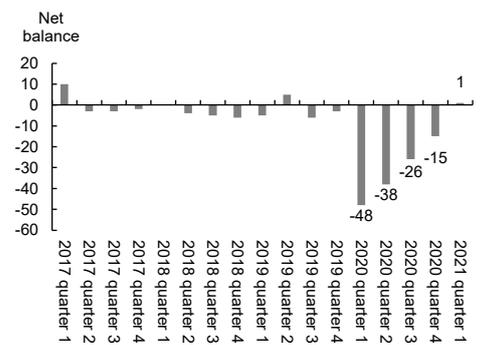
### Demand for services



### Number of employed

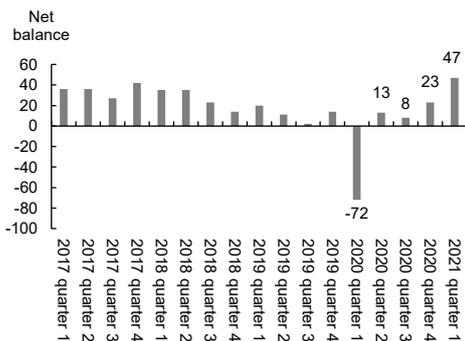


### Profitability

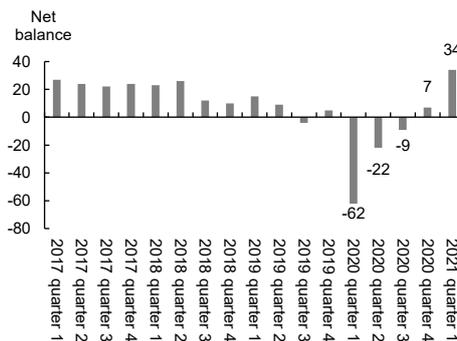


## Expectations coming quarter

### Demand for services



### Number of employed



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