Fast Comment Sweden

Housing prices continued down in July

- Housing prices decreased by 1.7 percent m-o-m in July (S.A.)
- Some regional differences, but all housing under pressure
- The previously hot housing market is cooling down fast

Housing prices decreased by 1.7 percent m-o-m in July (S.A.)

In July, HOX housing prices in Sweden decreased by 2.9 percent m-o-m. However, July is usually a weak month, so adjusting for that seasonal effect, housing prices decreased by 1.7 percent m-o-m, according to our calculations. Compared with the same month last year, prices are down by 2.6 percent. This figure was in line with our expectations. However, apartment prices in the first two weeks of August increased by 1.4 percent in Stockholm (not adjusted for normal seasonal variations). Whether the rise in early August is a trend break or the usual rebound after the summer is too early to say, but much suggests that prices will continue to drop. In Gothenburg, on the other hand, apartment prices fell by 0.6 percent during the same time period.

Some regional differences but all housing under pressure

Rising housing costs are putting pressure on the entire housing market. The July batch of data shows that prices for both flats and houses decreased in Stockholm, Malmö, Gothenburg and middle-sized cities The biggest drop was seen in Stockholm, see table below. Other indicators also paint a picture of more cautious home buyers. For example, the number of withdrawn sales has increased against the backdrop of increased hesitancy and decreased turnover.

The previously hot housing market is cooling down fast

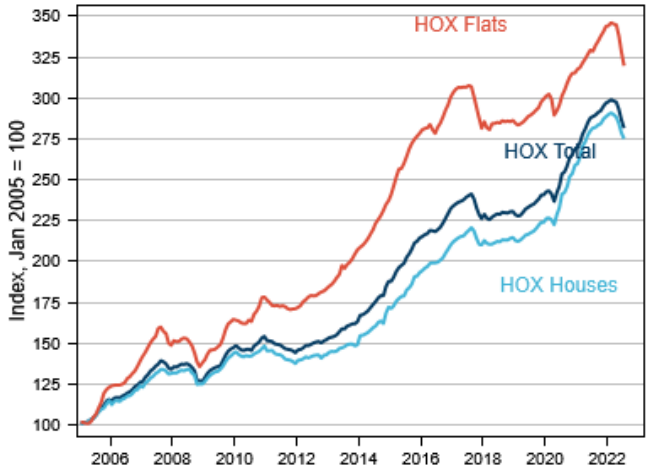
Home buyers have revised their price expectations as a result of higher mortgage rates and weaker real income growth. Buyers and sellers are, therefore, finding it hard to reach an agreement. This, in turn, has led to much slower sales. We expect a continued decline in housing prices in the coming months, as higher mortgage rates and sluggish growth will continue to weigh on the housing market. Our latest forecast is that housing prices will decrease by a total of 10 percent from a 2022 peak to a 2023 trough. However, given the large change in mortgage rates we cannot rule out a faster moving price correction and a price drop of more than 10 percent.

Valueguard housing prices (HOX)

July		Percentage change since 1 month	1 month seasonally adjusted	3 month	12 month
HOX Sweden	↓	-2.9	-1.7	-5.4	-2.6
Flats					
Sweden	↓	-3.3	-2.5	-7.3	-2.9
Stockholm	↓	-3.5	-3.2	-9.1	-2.9
Gothenburg	↓	-3.0	-2.2	-6.1	-4.6
Malmö	↓	-2.5	-2.2	-6.7	-1.8
Middle sized cities	↓	-3.3	-3.3	-6.2	-2.6
Houses					
Sweden	↓	-2.7	-1.3	-4.6	-2.4
Stockholm	↓	-2.8	-2.9	-8.1	-2.9
Gothenburg	→	-2.3	-0.5	-3.0	-2.6
Malmö	↓	-3.8	-2.8	-6.7	-5.0
Middle sized cities	↘	-2.5	-1.0	-3.3	-1.6

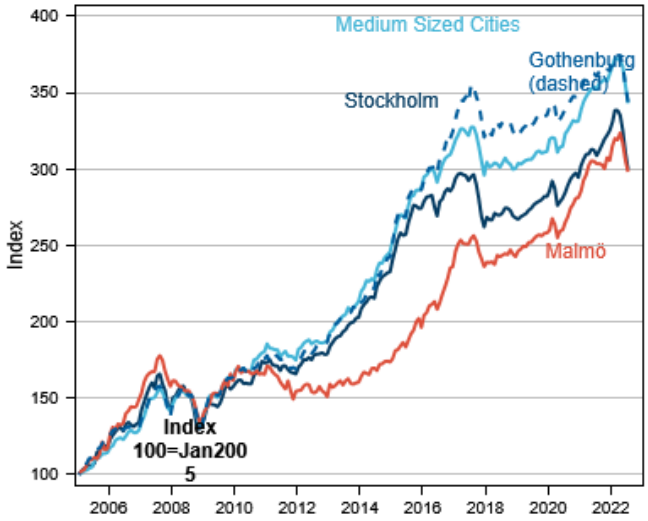
Note. Arrows represent seasonally adjusted monthly change in relation to the time series standard deviation, red arrow>1 stddev. Seasonally adjusted by Handelsbanken.

HOX Sweden, Houses and Tenant-owned apartments



Note: Seasonally adjusted by Handelsbanken.
Source: Valueguard and Macrobond

HOX Tenant-owned flats by region



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