

Vasakronan

Positive signs in a challenging rental market

- Positive net lettings in Q3 but vacancies continue to increase
- Stable financial performance and credit metrics
- More upbeat tone from management

Office market remains challenging but some positive signs

Several operating metrics moved cautiously in the right direction in Q3. Net lettings were thus positive and the pressure on like-for-like rents eased a bit. However, the vacancy rate climbed by a further 30bp to 12.1%. Also, two significant lease terminations have been announced (TV4 and the Swedish Economic Crime Authority), for which formal terminations are likely to be received in Q4. The comments by the CEO were cautiously positive and mentioned a pickup in demand after the summer, but that it is too early to tell if it represents a turning point in the market. Peers have described a similar picture, so there is a clear change in tone compared with the commentary in conjunction with the Q2 report. We note that the third quarter was a relatively small one for Vasakronan's rental maturities (3% of annual rents), so it will be interesting to see if the positive momentum can translate into favourable renegotiations in Q4 when 6% of Vasakronan's annual rents mature.

Stable metrics

Vasakronan's financial metrics were mostly unchanged in Q3. The reported LTV was unchanged despite the acquisition of a large property in Solna, Solna United, for SEK 2,135m in the quarter and marginally negative value changes, SEK -51m (-0.0%). The reported ICR was also unchanged at 3.7x. Vasakronan's metrics continue to be inside Moody's requirements for the A3 rating. Similar to many peers, Vasakronan's fixed interest term (3.5 years) and average loan maturities (4.4 years) became shorter in Q3, but continue to compare favourably with most peers.

Credit spreads

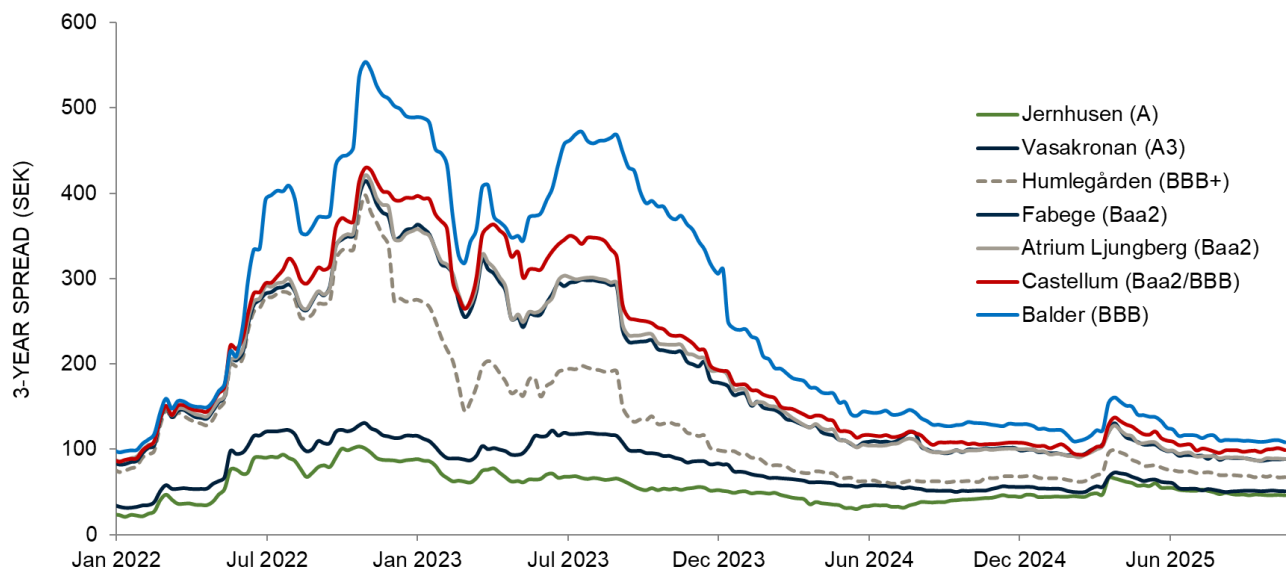
It is debatable whether the weakness in the Stockholm (and Gothenburg) office markets in 2025 has impacted spreads for Vasakronan and its peers in the currently strong bond market. Vasakronan is in any case the highest rated issuer among the Swedish office companies and should be least affected anyway.

Key figures

SEKm	2020	2021	2022	2023	2024	Q3-25LTM
Rental revenues	7,006	7,425	8,167	9,157	9,447	9,448
Op. net (NOIRE)	5,189	5,533	5,968	6,862	7,055	7,016
Income fr property mgmt adj	3,577	4,391	4,333	4,645	4,849	4,911
Net income adj	3,714	16,359	8,465	-10,858	3,823	4,228
Property value	167,583	186,732	193,467	180,898	185,737	189,555
Gross debt adj	74,481	78,996	82,576	82,589	82,322	83,571
Net debt to prop value adj (%)	42.9	40.4	41.1	43.9	42.2	42.4
Total debt to total assets adj (%)	42.3	40.3	39.6	42.4	41.4	41.2
FFO/gross debt adj (%)	5	5	5	6	5	5
Gross debt/EBITDA adj (x)	14.7	14.6	14.1	12.2	11.8	12.1
EBITDA/interest expense adj (x)	4.0	4.5	4.2	3.3	3.1	3.2
Dividends/FFO adj (%)	84.6	56.0	93.6	n.m	n.m	23.4
Vacancy rate (%)	8.1	9.0	9.1	9.1	10.9	12.1
Pledged assets to total assets (%)	6.2	4.0	5.5	5.9	5.8	n.m
Secured debt to total assets (%)	6.2	4.0	5.3	5.7	5.6	0.65
Valuation yield (%)	4.1	3.9	4.0	4.5	4.5	4.5

Source: Handelsbanken

Interpolated 3-year SEK spreads (mid)



Sources: Bloomberg and Handelsbanken

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6 Nov 2025: Vasakronan - Handelsbanken's analyst Johan Sahlström has no position in Vasakronan or a related instrument.

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