



**FASTIGHETSSVERIGE**

**PORTRAIT**

P-G Persson has taken  
Platzer to the Stock Market

**SWEDEN TODAY**

Newsec's CEO on Sweden:  
A stable and predictable market

**INVESTMENTS**

Swedish institutions  
invest abroad



Extra  
magazine  
inside!

**THE LEADING PROPERTY MAGAZINE IN THE NORDIC REGION**



# ESTABLISH IN THE GOTHENBURG REGION

If you want to establish your company in Northern Europe, the Gothenburg Region is the place to go. Here we have ensured sustainable growth on each and every level.

We can offer suitable premises and a well-established cooperation between commercial and industrial life, universities and the public sector.

We continue to strive forward, towards even greater growth and a brighter tomorrow. For you, your business and for the environment.

For establishment, investment and relocation matters, please contact:

Roger Strömberg  
Director of Establishment  
+46 31 367 61 22  
[roger.stromberg@businessregion.se](mailto:roger.stromberg@businessregion.se)

Petra Sedelius  
Head of Investment Service  
+46 31 367 61 30  
[petra.sedelius@businessregion.se](mailto:petra.sedelius@businessregion.se)

Business Region Göteborg AB,  
PO Box 11119, SE-404 23 Göteborg  
SWEDEN  
Telephone: +46 31 61 24 02

# GOTHE NBURG OPEN TO THE WORLD

# ESTABLISH IN THE GOTHENBURG REGION

Business Establishment & Relocation is a "one-stop-shop" which aims at simplifying the establishment process by offering:

- Database for available land and premises
- International Schools
- Qualified Advisors
- Real Estate/Home Brokers
- Recruitment Consultants and much more!

Business Region Göteborg AB is dedicated to strengthening and developing trade and industry in the Göteborg Region. We are a non-profit organisation representing 13 member municipalities.

Our goals is to contribute to sustainable economic growth, a high level of employment and a diversified economy.

[www.businessregiongoteborg.com](http://www.businessregiongoteborg.com)



**BUSINESS REGION  
GÖTEBORG**

**Visit us in stand no: 17:22**



# Sweden is a hot market

AND NOW WE CAN BEGIN to sense how the freezing cold winter is beginning to release its arctic grip on us frozen Nordic dwellers and in just a few weeks time it will be the vernal or spring equinox, the day that spring begins according to the calendar.

However, up here in the North it can of course be cold well into April. Which make it all particularly pleasing that the Mipim is fast approaching. For many in the Swedish property industry this is the highlight of the year. It is now that contacts leading to future business will be made. And this also takes place in a pleasantly warm Mediterranean climate.

» Full speed ahead on the Swedish transaction market.«

LOOKING AT INTERNATIONAL interest in property investments in Sweden in 2014, the forecast is as hot as the spring sun in Cannes. At Jones Lang LaSalle they note growing interest especially from foreign opportunistic investors

and one good reason for this is the increasingly improved access to financing. In 2014 the opportunistic side of the transaction market in Sweden is expected to take off in earnest.

FULL SPEED AHEAD on the Swedish transaction market in other words. Let's hope that this is a sign that this year's Mipim will be offering brilliant business opportunities and hot property discussions.



Editor-in-chief // Eddie Ekberg

SEE YOU AT THE FAIR!

## 1 2014 // Year 10

### PUBLISHER

Rolf Andersson, rolf@fastighetssverige.se

### PUBLISHING COMPANY

Fastighetssverige AB, Trädgårdsgatan 1,  
SE-411 08 Göteborg, Sweden  
Phone: +46 31 13 91 16  
e-mail: info@fastighetssverige.se  
www.fastighetssverige.se

### EDITORIAL STAFF

Eddie Ekberg,  
eddie@fastighetssverige.se  
Henrik Ekberg,  
henrik@fastighetssverige.se  
Sofia Grymer,  
sofia@fastighetssverige.se  
Nicklas Tollesson,  
nicklas@fastighetssverige.se

### LAYOUT AND PRODUCTION

Lokalförlaget i Göteborg AB  
Eva Møllergårdh Wernersson,  
eva@fastighetssverige.se  
Joanna Nyholm,  
joanna@fastighetssverige.se

### GUEST AUTHORS

Niclas Höglund, AnnaKarin Langberg,  
Magnus Månsson, Ingemar Rindstig,  
Jeanette Saveros, Henrik Ståhlberg,  
Annika Winsth

### ADMINISTRATION

Claudia Peters, info@fastighetssverige.se

### ADVERTISING SALES

Rolf Andersson, rolf@fastighetssverige.se

### PRINTING

Billes Tryckeri AB

### DISTRIBUTION

Posten and CityMail

### COVER

Eddie Ekberg



On the cover // P-G Persson  
Read the interview on page 32.

It's authorised to quote from Fastighetssverige's articles if you adequately site the source. The permission from the publisher is required if you wish to reproduce articles or illustrations in full. The magazine is not responsible for received material, which has not been ordered.



## It's what we *do* that counts

As community builders, we have a great responsibility for what the future city will look like. Therefore, NCC focuses on developing new technologies and on reducing the carbon footprint during the entire life of its projects. This means that we develop buildings that allow the next generation to continue to contribute towards a better environment, even after our work is completed.

The ambition to reduce climate impact continuously leads us onto new exciting paths. At present, for example, we are developing Valparaiso, a multifunctional hub for working, living, tourism and shopping at Norra Djurgårdsstaden, the new green urban district of Stockholm. This project is focusing on satisfying some of the world's most meticulous demands in terms of life-long energy efficiency, healthy environments and recycling.



# Contents // 1 2014



32

P-G Persson  
has taken  
Platzer to the  
Stock Market.



8

## Macro analysis

Nordea's Chief Economist predicts a strong 2014.



28

## News

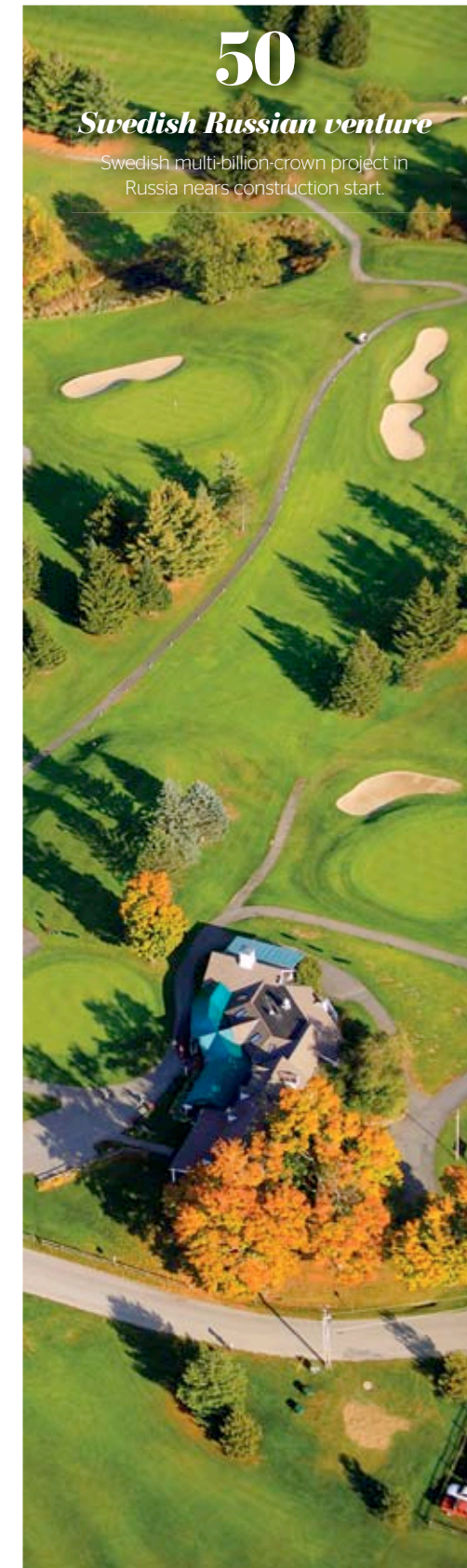
Here is the latest news from the property industry.



46

## Transactions

2013 was a middling year - 2014 will be better.



50

## Swedish Russian venture

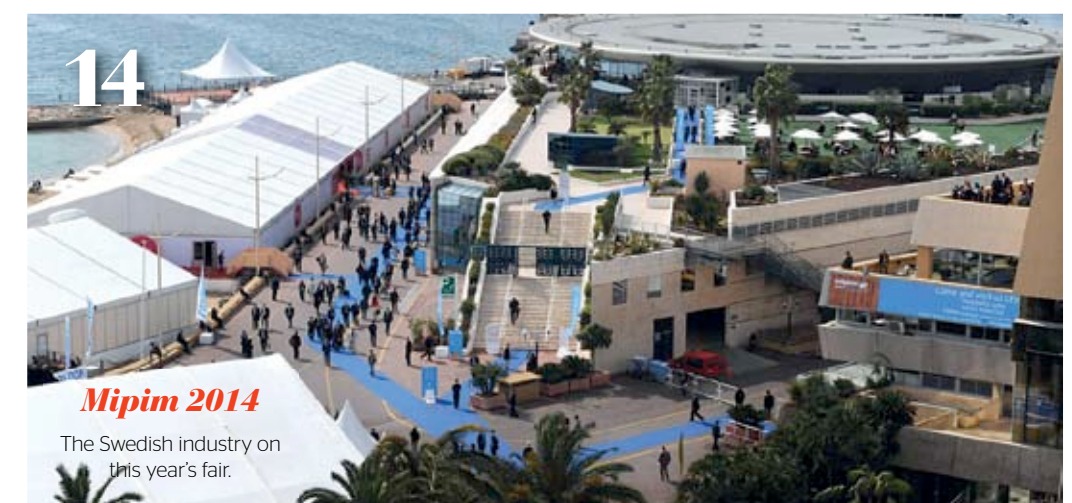
Swedish multi-billion-crown project in Russia nears construction start.



## Investment Trends

## The Million Programme has become hot

36



14

## Mipim 2014

The Swedish industry on this year's fair.



# “Election year means a year of increased spending”



**ELECTION YEAR.** According to Chief Economist at Nordea, Annika Winsth, the fact that it is election year implies that we can expect favourable growth both globally and in Sweden.

■ There are many indications suggesting that 2014 will be a good economic year. Election years imply spending years and the conditions are favourable for growth both globally and in Sweden.

**THE STRONGER ECONOMY INDICATES** a continued rise in long-term interest rates. Since May 2013 when the American Fed began to talk about reducing its stimulus measures, the ten-year government bond yields have risen sharply. In terms of percentage, the increase has been substantial, nearly 50 per cent in Sweden and even more in the USA. This is despite the fact that interest rates are still at historically low levels.

Towards the end of the year, higher long-term interest rates may dampen economic activity and the central banks are thus continuing to maintain very expansionary policies. The European Central Bank, the ECB, may even be forced to take additional measures to support the economies. Growth is expected to be relatively good, but this is from a low level – especially in the euro area.

The recovery in Sweden has dragged out and industrial production has been weaker than expected. However, it now seems that the turnaround is taking place, and this year exports, investments, and not least household spending will contribute to healthy growth.

**IT IS DIFFICULT TO SEE WHAT** will stop household spending if global growth is in line with expectations. The risk is thus that household debts will start to rise rapidly again, and that the Riksbank will then raise the interest rate.

Inflation will remain low for a considerable time yet and pressure on the Riksbank will thus continue. However, it is at the same time hard to believe that the Riksbank will not take action if debts start to rise faster than incomes and no other tools are in place.

Despite the fact that trends regarding debt levels in Sweden do have a fundamental explanation, it can never be said until in retrospect whether it was a bubble that burst or not. It is therefore feasible to assume that the Riksbank will take some account of the debt level even if inflation is low.

*»Further cuts in the interest rate from the current low level are not crucial to companies' investment or hiring decisions.«*

Monetary policy is also very complex. Above all, the Swedish economy is best served by a global recovery. Further cuts in the interest rate from its current low level are not crucial to companies' investment or hiring decisions.

**AT THE SAME TIME** as the Riksbank and the Swedish Financial Supervisory Authority are trying to curb household spending, the government is adopting a very expansive electoral policy. The opposition speaks of irresponsibility. However in Sweden there is good potential for stimulation of the economy and since the demand has been weak, it is also feasible to do so. It is questionable, however, whether households are the most suitable recipients of such stimulus measures. Over time it will also be expedient to revert to the surplus target if this target is to remain credible.

**THE FINANCIAL MARKET** presupposes that both the incumbent government and the opposition adopt responsible political stances. From this perspective, it therefore does not matter who wins the election. However, an uncertain political situation can possibly created insecurity, for example if the Sweden Democrats become bigger thus resulting in neither the government nor the opposition successfully gaining a majority. This could lead to delays in the formation of a new government, and it could also create a sluggish process in which it may be difficult to reach important decisions. ■



# “Sweden is stable and predictable”

■ Global recovery and a strong urbanisation trend in Sweden. The issue of funding difficulties eases off and interest rates remain historically low. Increased risk appetite is moving the focus from primary to secondary markets.

– The current trends show that Sweden continues to be an attractive environment for property investments, says Max Barclay, CEO of Newsec Sweden. **Text:** Nicklas Tolleson



PICTURE: NICKLAS TOLLESON



**Official name:** The Kingdom of Sweden.

**Political system:** Constitutional Monarchy, with parliamentary government.

**Head of State:** King Carl XVI Gustaf.

**Prime Minister:** Mr Fredrik Reinfeldt (Moderate Party).

**Language:** Swedish.

**Population:** 9.5 million (85% live in urban areas).

**Area:** 450,000 sq.km = 174,000 sq.mi.

**Time zone:** GMT + 1 hour.

**Currency:** 1 krona = 100 öre.

**Largest cities:** Stockholm (capital), Gothenburg, Malmö.

**Noteworthy memberships:** EU since 1995, WTO, OECD.

**Most important export industries:** Mechanical engineering, automotive, information and communication technology, pulp & paper, power generation, pharmaceuticals, iron and steel, transport services and tourism.

**Most important import goods and services:**

Foodstuffs, raw materials and fuels, chemical products, machinery, electrical equipment, information & communication products and services, road motor vehicles, textile products & apparel, tourism.

**Most important export and import markets:**

Europe, North America and Asia.

Source: Invest Sweden

DESPITE THE FACT that Sweden is a small country, the Swedish market accounts for a significant share of the transaction volume in the European commercial property market. In recent years the Nordic countries have accounted for 15-20 per cent of the total transaction volume and the Swedish market usually accounts for more than half of the Nordic volume.

Since 2010, the transaction volume in Sweden has remained fairly steady at just over ten billion euros (SEK 100 billion).

MAX BARCLAY, CEO of Swedish real estate advisory business at Newsec, which is by far Scandinavia's largest property consultant, maintains that we are about to see a trend shift – the focus is moving from primary to secondary markets.

– We see a classic development in the market. For a few years, investors have been risk averse and they have invested in the best properties in the best locations. Since 2013, we have seen an increase in risk appetite and the focus has shifted ➤





PICTURE: NICKLAS TOLLESSON

**POSITIVE.** Max Barclay, CEO of Newsec Sweden, paints a bright picture of the Swedish property market, thanks to the global recovery, strong domestic economy, historically low interest rates and strong population growth.

➤ towards the more secondary segments, the outer areas and regional cities. There are no longer as many deals being done involving office properties in central Stockholm.

➤ **What lies behind this increase in risk appetite?**

– The property market is closely linked to the global and the Swedish economy, and globally the recovery in the USA is leading the way. The Swedish economy has fared well during the crisis, which has primarily affected the southern countries of Europe. We have low interest rates, which will continue in the coming years, and at the same time we have low inflation. Sweden feels stable and predictable and the market likes predictability. Yield levels on core properties have been pushed down and it is consequently a natural step to look elsewhere.

– Broadly speaking, we believe that the Swedish property market will look much the same in 2014–2016 as it did in 2013. The market is driven by historically low interest rates that provide good conditions for successful property

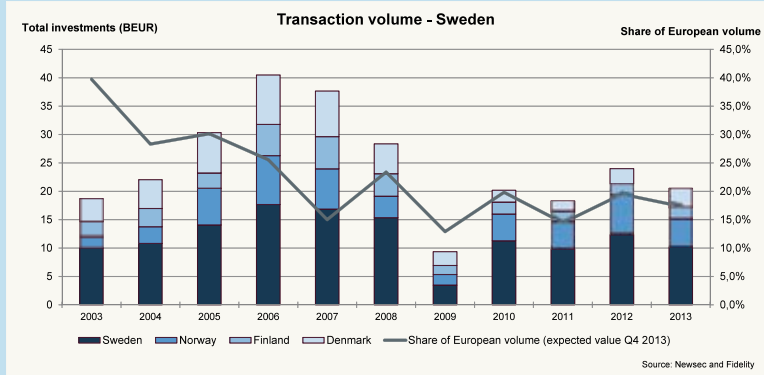
business. The transaction volume will continue to be around SEK 100 billion annually in the coming years.  
– Then, around 2017, we believe there will be a global slowdown and an economic downturn.

**IN 2007, INTERNATIONAL BUYERS** accounted for almost 60 per cent of the transaction volume in Sweden, but since the financial crisis the international players have been net sellers. In 2013 international buyers accounted for less than 15 per cent of the total transaction volume.

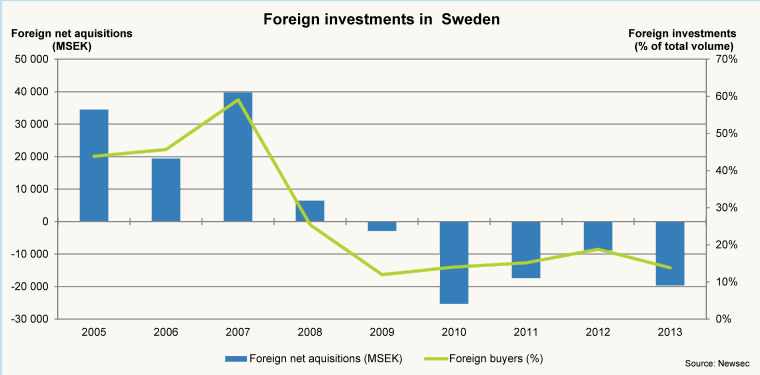
– In times of crisis investors retreat to their home markets. Many international investors have their eyes on Sweden and want to invest here, but in recent years they have had difficulty competing with the Swedish institutions' strong capital resources, and the strong Swedish krona. The largest international acquisition in Sweden in 2013 was carried out by American Starwood, which acquired seven retail sites from KF Property for EUR 446 million (SEK 3.9 billion).  
– This investment indicates that it is not only ➤



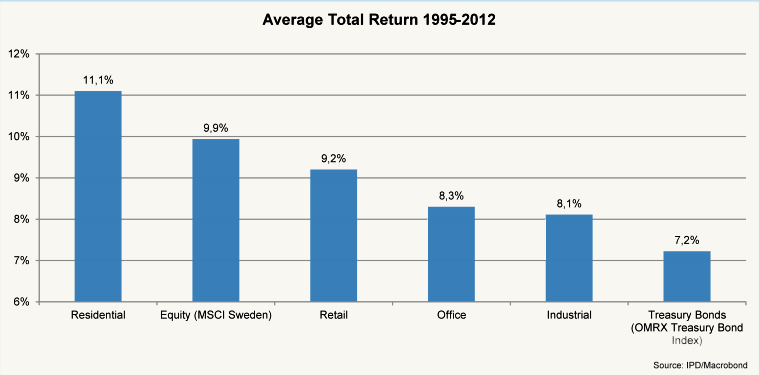
**THE NORDIC REGION - A LIQUID MARKET**



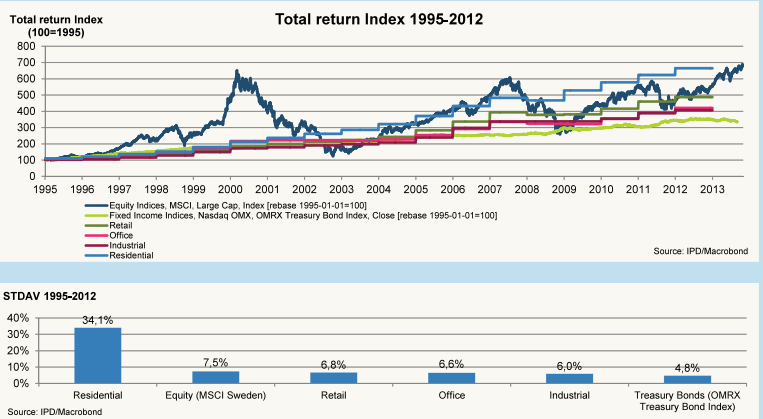
**FOREIGNERS ARE NET SELLERS**



**PROPERTIES HAVE PROVIDED ATTRACTIVE TOTAL RETURN...**



**... AT LOW RISK**







»The regulated Swedish rental market is something that international players are not familiar with and one tends to shy away from things one does not understand.«

› Stockholm that is of interest to international investors. It also indicates that the retail market is attractive, which is obviously linked to Sweden's strong purchasing power, which in turn is linked to the strong fundamentals of the Swedish economy.

› In late 2012 Finnish Citycon and Canadian CPPIB acquired Kista Galleria for EUR 526 million (SEK 4.6 billion), is it retail that is of greatest interest to international investors?

– Retail and office top the list, ahead of warehouses/logistics. Housing is more difficult. The regulated Swedish rental market is something that international players are not familiar with and one tends to shy away from things one does not understand. Not being able to set the rents one wants to, even when one is in agreement with the customer, is strange in the eyes of many international investors.

– It may also be the case that the international investors have the most to contribute when it comes to retail. The USA is at the forefront when it comes to, for example, consumer behaviour, etc.

MAX BARCLAY BELIEVES that international investors will have difficulty competing with those from Sweden even in 2014, but that we nevertheless may see a slight increase in international buyers.

– It is primarily German investors who are interested, but there are also English and Dutch investors, amongst others. There's a great deal of pressure in Germany at the moment, partly due to interest from investors from Asia and the Middle East. This means that German investors turn their attention to other markets, such as Sweden. In the first place they look at Stockholm. In time, the Asian and Middle Eastern

investors will also come here, but it may take a while. The natural step when coming to Europe is to start by looking at the major markets such as Germany, France and England, just as the natural step when coming to Sweden is to begin in Stockholm.

› What advantages do international investors see with respect to investing in Sweden?

– Fundamentally it is simply that it is easy to do business in Sweden. It is a transparent and liquid market, everyone speaks English and there are plenty of competent consultants available to provide assistance. The economy is fundamentally stable. There is also strong population growth in Sweden, combined with a strong urbanisation trend, benefiting primarily Stockholm but also Gothenburg, Malmö and other growth cities. People are moving into the cities where the jobs are, but not enough homes or offices are being built. This provides good prospects for the property business.

› Financing opportunities have improved significantly over the past year, how do you foresee the trends in this area in the future?

– It was a troublesome situation when the new requirements for banks, among other things, made them more risk-averse and reluctant to finance properties. During this past year this has changed a lot and access to bank financing has been significantly improved. Several German banks have also returned to Sweden and increased competition. At the same time, alternative forms of financing, such as preferred shares and bonds have had a breakthrough in the market. So the financing situation looks quite bright, but this applies especially to customers with whom the banks have had good past relationships.

› Finally, what do you regard to be the best investment option in the Swedish property market at the moment?

– It depends on what kind of investor you are. If you have a long investment horizon and a cautious approach to risk, it is never wrong to buy the best of the best - if you can do that. If you want higher returns, there are good opportunities in the Swedish growth regions. But it is important to do your homework, that you know the market before going into it.



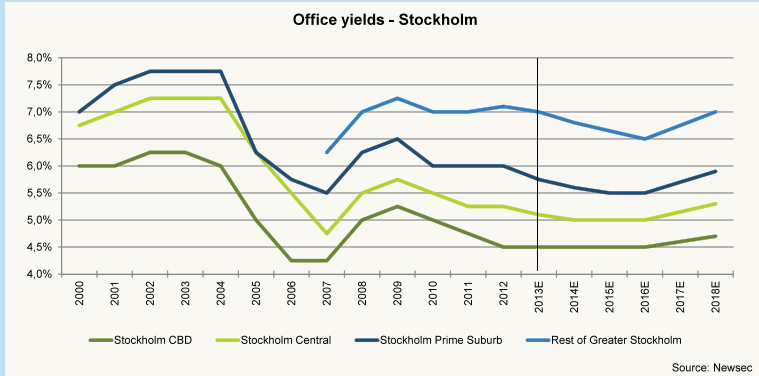
MAX BARCLAY

**Title:** CEO of Newsec Sweden AB  
**Age:** 42 years old.  
**Lives:** Örgryte in Gothenburg, but also resides in Stockholm.  
**Family:** Wife, two children and four stepchildren.  
**Hobbies:** Golf (handicap 6) and tennis.  
**Watches on television:** "Not much. I like to watch TV series when I'm flying, enjoy for example Mad Men."  
**Reads:** "A lot, especially on holiday. Enjoy biographies and memoirs, most recently, I read Percy Barnevik's I want to change the world."  
**Favourite music:** "I like all kinds, but U2 are perhaps my favourite. And Manu Chao."  
**Drives:** "Cars are my weakness in life. Right now I drive a Mercedes ML. Among others."

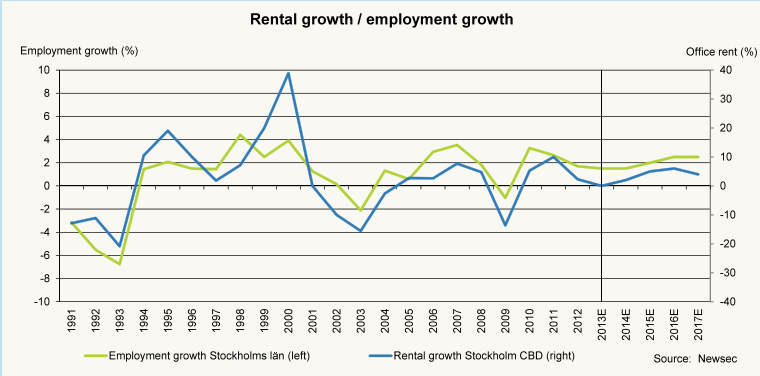


PICTURE: NICKLAS TOLLESSON

OFFICE YIELDS - STOCKHOLM

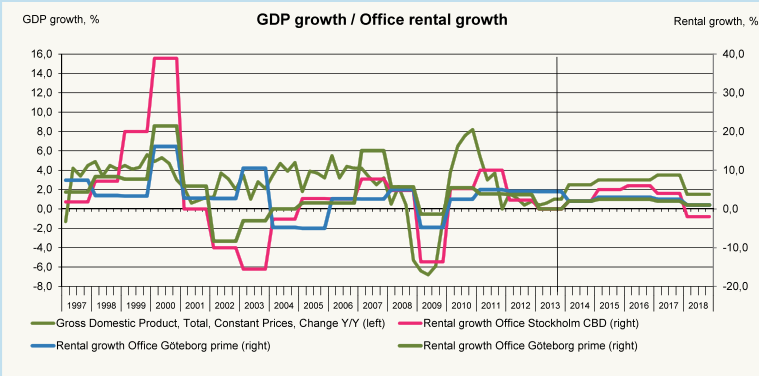


OFFICE RENTS - STOCKHOLM CBD

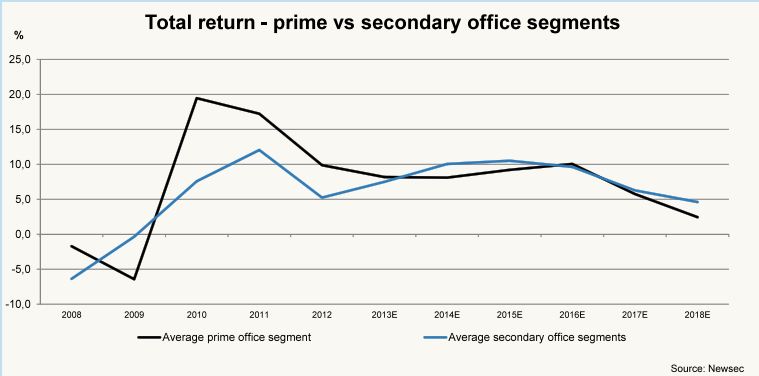


GDP growth / rental growth - R2 value = 0,59

OFFICE RENTAL GROWTH / GDP GROWTH



OFFICE RENTAL GROWTH / GDP GROWTH







# How will the market develop in the coming year?

■ What is happening to the rates, the vacancies and the return levels on the Swedish market? In short, how is the market affected by the financial situation? We asked three experts on the field to give their opinions. **Text:** Eddie Ekberg



**HÅKAN JOHANSSON**  
Colliers International

- › **What will be the trends in the key interest rate (repo rate) in the coming year?**
  - We believe that the repo-rate will stay at the present 0,75 per cent-level for the rest of the year unless something spectacular pops up. The burst of the non-existing home- mortgage- bubble would be a spectacular event that would cause a change of the repo-rate.
- › **What will be the trends in vacancy rates in the coming year?**
  - In spite the fact that a few big space- consumers have (or will move) moved to offices located outside Stockholm CBD (Swedbank, Skandia, Vattenfall, Nordea), we believe that the Stockholm vacancy rate will remain at the present level of approximately 4,5 per cent.
- › **What will be the trends in rental levels in the coming year?**
  - If the vacancy rates don't move we assume also rents will remain stable.
- › **What will be the trends in yield levels in the coming year?**
  - Yields are correlated to the borrowing costs, short and long term interest rates, as well as the average margin charged by the

banks. We have never seen interest rates as low as today. We see no signs of an increase of interest rates but the more or less clear announcements of an increase of the capital requirements for Swedish banks could force them to hike up the margins. However, we see no major changes of yield levels this year.

- › **What will be the trends in international investments in the coming year?**
  - International investors have been selling off their Swedish assets for quite some time. Since it looks like the SEK will remain strong for a longer period than first predicted, the foreigners could turn back and invest in Sweden provided they enlarge their geographical area to include other areas than the CBD of the three major cities, where the Swedes are active, in order to satisfy their yield targets.

»We have never seen interest rates as low as today.«



**TOMAS NYSTRÖM**  
Nordier Property Advisors

- › **What will be the trends in the key interest rate (repo rate) in the coming year?**
  - Indicators such as the PMI (purchasing managers index) and the NIER's (National Institute of Economic Research) barometer indicate stronger growth ahead. We believe that growth in Sweden will strengthen gradually in 2014 but that inflationary pressures will remain low throughout the year. The inflation target is a priority and we therefore believe that the Riksbank will retain its key interest rate at an unchanged level throughout the year.
- › **What will be the trends in vacancy rates in the coming year?**
  - The PMI for the service sector rose sharply towards the end of 2013, so it is reasonable to assume increased activity on the office side of things. Vacancies in Stockholm's CBD are likely to remain at about the same level. The large migration from central locations among banks and authorities will be compensated by the improved economic situation and restructuring operations. In the segment "The rest of Stockholm's inner city" and central Gothenburg, where vacancy rates are already at record lows, they will continue to shrink due to the low availability of premises. In the suburbs of Stockholm and Malmö, we believe that the effects of the improved economic situation will be eaten up by new construction projects, which means that vacancy rates are likely to remain unchanged.

- › **What will be the trends in rental levels in the coming year?**
  - In the areas where we estimate that vacancies will remain unchanged or may even increase, such as the Stockholm CBD, the suburbs of Stockholm and Malmö we will probably not see any significant changes in rental levels. However, office rents are very likely to increase in the segment "The rest of Stockholm inner city" and central Gothenburg.
- › **What will be the trends in yield levels in the coming year?**
  - As long as the interest rate is low, property will remain to be a top priority for institutions and the yields will therefore remain at the present low level for core properties. Now when the banks have released the handbrake there are plenty of buyers of secondary properties in growth areas. For these properties the yields will fall during the year. Historically, Sweden (especially Stockholm) follows London's property market with a lag of 6–9 months. During the autumn, price trends have been increasingly positive in London, which indicates that price levels in Sweden will increase during 2014.
- › **What will be the trends in international investments in the coming year?**
  - Sweden's property market was less affected by the financial crisis than many other countries in Europe, consequently there are many countries with cheaper property in comparison to risk. This, combined with the Swedish institutions large demand for the same properties together with the currency risk has meant that prices have been too high for the international investors in recent years. We believe the activity among foreign investors will increase marginally during the year. ➤





# NIAM

## IS NORDIC REAL ESTATE

### PARTNER OF CHOICE

Largest real estate private equity firm in Northern Europe with a strong local presence and offices in Stockholm, Helsinki, Oslo and Copenhagen

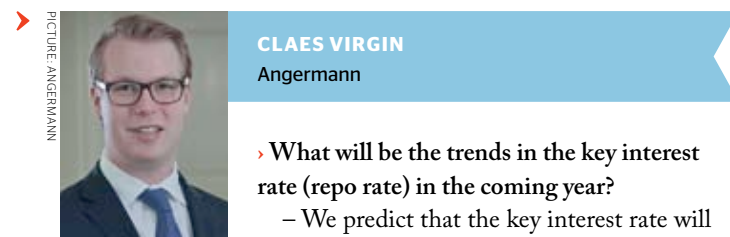
### DIRECT REAL ESTATE INDUSTRY EXPERIENCE

Fund management team averaging 20 years of direct real estate experience from leading European property companies

### EXCEPTIONAL PERFORMANCE

16% net IRR on €7 billion of invested capital since 2000

[www.niam.se](http://www.niam.se)



CLAES VIRGIN  
Angermann

» **What will be the trends in the key interest rate (repo rate) in the coming year?**

– We predict that the key interest rate will remain at its current level in 2014 and that no

increases will take place since inflation is still low and we have low resource utilisation in the economy. The large debt incurrence among Swedish households means that we do not believe in further cuts in 2014.

» **What will be the trends in vacancy rates in the coming year?**

– We see historically low vacancy rates in many parts of Sweden, and the future looks bright for the coming year. There is the lack of larger office space in Stockholm city. In 2014, new office space availability will increase, but due to the strong demand, we believe that vacancy rates will remain at the current low levels. We see a decrease in vacancy rates in good suburban locations near the city.

» **What will be the trends in rental levels in the coming year?**


– We have had low vacancy rates and strong demand, which has exerted upward pressure on rents in good office space in Stockholm city. We will see a slight increase in office space availability in 2014, but we believe that rental levels will remain stable. We believe that rents may increase slightly for flexible office space in good suburban and inner-city locations. For shopping malls, we see

that the difference between good and poor locations continues to increase, and we believe that rentals in secondary locations will fall.

» **What will be the trends in yield levels in the coming year?**

– We see stable yield levels in 2014 for prime property. We see increased access and more favourable financing for non-primary property, and increased demand, which will lead to lower yield levels for good non-prime property.

» **What will be the trends in international investments in the coming year?**

– The Swedish economy is very stable, the banks are well capitalised and we see good future prospects with increased growth and a steady increase in the population. Sweden is still a very attractive country in which to invest, and we believe that foreign investors, both old and new, will increase their presence in Sweden in the years ahead. In 2013, we saw several new players enter the Swedish market and we see other players probing the market who wish to make acquisitions in the near future. 

»*Sweden is still a very attractive country in which to invest.*«





PICTURE: RED MEDIA



**SEEING AN INCREASE.** Mipim Director Filippo Rean thinks there will be around 20 500 participants from 80 countries at this year's Mipim. That is an increase compared with last year.

■ What's new at this year's Mipim? What will the topics of conversation be on the fair floor? And what about Mipim UK this autumn? These and several other questions will be answered by the Mipim Director Filippo Rean. **Text:** Eddie Ekberg **Picture:** Eddie Ekberg & Nicklas Tollessen

# Mipim Director on this year's trade fair

## ► What can the visitors expect when visiting Mipim 2014?

– The key objective of this Mipim 2014 is to look at the perspectives of the real estate industry in the coming years. The Mipim conference programme will examine the changing face of international property with partners such as the Harvard Business School, the OECD and the European Commission and a lot of high level personalities which will share with market professionals their views on the outlook for a rapidly-changing sector.

– **THE EXHIBITION AREA** will also reveal the very latest urban developments that are shaping the market in major capitals such as Moscow showcasing the ambitious Greater Moscow project, Paris with the Grand Paris, London, Berlin, Stockholm and Bruxelles.

– Mipim will continue to look ahead at emerging trends in its Mipim Innovation Pavilion. Launched last year, this will showcase the most innovative initiatives for enhancing the value of real estate assets.

## ► What will be different/new this year from last year?

– This year, Mipim will celebrate its 25th anniversary. Mipim will look at the next 25 years of international real estate with a special programme that will explore every aspect of the industry, while at

the same time enhancing its networking events. For example, on March 12, the conference programme will feature an inspirational keynote address by Scott Burnham, a renowned urban strategist and designer focusing on infrastructure in the next 25 years. On March 13, a major debate featuring top leaders including among others Graham Maxton, economist and member of the Club of Rome, Antonio Tajani, Vice-president of the European Commission, will confront their vision of the real estate environment in 25 years.

– This 25th edition will also be rich in events including a collector magazine and a special event for the professionals who attended the first Mipim. Also the newly refurbished Majestic Beach Restaurant will reopen its doors for Mipim to become “The 25”, a premium space dedicated to participants for their breakfasts, lunches and drinks.

– The future of real estate is closely linked to the ups and downs of the economy, changes in financial structures, and also in investor profiles. This is why investment is always at the heart of Mipim. Among the highlights of this Mipim, the investment companies Amundi and Allianz will for the first time organise interactive seminars on new trends in real estate investment featuring high level speakers such as Olivier Piani, CEO Allianz Real Estate or

Philippe Ithurbide, Director of research of Amundi. Also, for the first time at Mipim, the American Bar Association will attend Mipim and organise a conference session dedicated to the role of “bad banks” in revitalising the real estate investment market in Europe. This year again, Mipim will bring together around 40 pension and sovereign funds coming to attend Re-Invest, the institutional investors summit, on the theme “Global real estate: optimising portfolios by geography, sector and strategy.”

– **CONSIDERED ONE OF** the major challenges of the 21st century, urban development will also take centre-stage. On Wednesday 12 March, during a session dedicated to the European market, Gérard Mestrallet, CEO of GDF Suez, and Sir Michael Bear, former Mayor of the City of London and Chairman of the Regeneration Investment Organisation, will discuss the opportunities and challenges facing European cities. In the afternoon, a series of conferences will provide an overview of cities and tomorrow's urban infrastructure. And the 6th Mayors' Think Tank will bring together mayors and representatives from international cities to discuss the theme of “Autonomous cities: the quest for new resources, from utopia to reality.”

– Another growing segment – industrial and logistics real estate

– is playing an increasingly important role due to the development of e-commerce. Mipim is devoting three mornings to illustrate this trend. And for the first time this year, there will be a seminar on medical real estate (clinics and nursing homes). Longer lifetimes and lifestyle changes caused by rapid urbanisation in emerging countries are making the health sector a growing economic driver that is impacting all real estate players.

## ► How will Mipim develop in the coming years? Can you tell us a bit about Mipim UK?

– Changes in the financing of buildings, end-user expectations, increasing urbanization, and the diversification strategies of investors are all opportunities that encourage Mipim to take an optimistic view of development. October 2014 will mark the first edition of Mipim UK, the first property trade show in the UK. This event will bring together over 3,000 decision makers from all sectors of real estate and provide the first forum of its kind for professionals looking to close deals across all major sectors of the UK real estate market. It targets leading real estate decision-makers operating at a national, regional and local level in cities throughout England, Northern Ireland, Scotland and Wales. Like Mipim in Cannes, it will showcase projects and give up-to-date ►



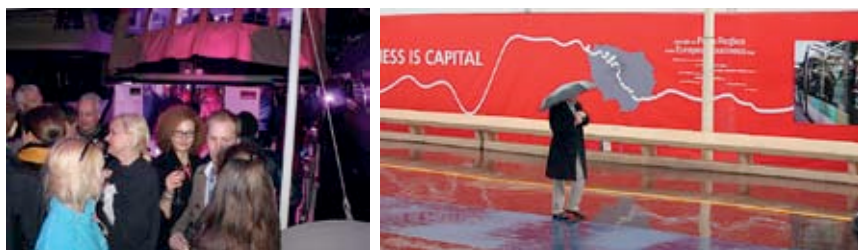
› insight on the market via a large exhibition area, a conference programme and a number of UK-specific networking opportunities.

› **Are you happy with the mix of players attending Mipim, or would you like to see more of any?**

– Mipim is reflecting the real estate industry and its mix of players is evolving with the industry. Core players remain developers, investors, local authorities, end users, brokers, architects, with some segments of the industry knowing a strong expansion or evolution such as logistics, health care, hotel & tourism and sports real estate. New players are bringing technologies that are now integrated in the buildings. These new players are starting to be part of the value chain of the real estate industry and we are keen to have them be part of the discussions at Mipim. The Mipim Innovation Forum is the place where you'll be able to discover what role companies such as BASF, GDF Suez, Somfy Philips can play to transform the buildings.

› **How does the economic situation in the world affect the Mipim event this year?**

– Although still on the mend, economic growth is slowly recovering in some countries and is expecting high growth in others. This year, we have chosen three countries of honour – Russia, Brazil and Turkey – to shed light on development opportunities in the international real estate markets, as these three countries illustrate very well different aspects of markets with strong growth potential.



– **BESIDE THE THREE COUNTRIES** of honour, Mipim is keen to give an overview of the situation and evolution of a large range of territories. For example, mature markets remain key for international investors, which is why Mipim will provide several conference sessions dedicated to them. Sweden and more generally the Nordic countries continue to experience strong interest from international investors and a conference session will be dedicated to these markets on March 12 at 12 am. Entitled 'Investing in the Nordic countries: is it still a good choice?', it will analyse the investment opportunities, transactions and yields of Sweden and its neighbours.

– Mipim is also a good opportunity to take the pulse of the

*»Mipim is also a good opportunity to take the pulse of the markets including those who went through difficulties.«*

markets including those who went through difficulties. Spain will extend its visibility in the Mipim exhibition area with a stand gathering several private real estate players from Madrid showcasing projects, the city of Barcelona together with Catalonia region promoting their territories and new exhibitor Anida which will represent the real estate assets of the BBVA bank. Foreign investors have begun to return to the Spanish property market this year for the first time since the crisis hit in 2008. For example, Axa Real Estate acquired a portfolio of up to 13 government-let office buildings in Barcelona, last June. Greece will also be well represented at Mipim with stands from the Hellenic Republic Asset Development Fund and the Public Properties Company.

› **How many participants/exhibitors/countries do you calculate with this year?**

– We are expecting this year 20 500 participants from 80 countries including 4 500 investors, compared to 20 000 last year. To date, registrations are above the level of last year which is a very positive sign.

› **What is your personal goal for Mipim, in a few years time?**

– My personal goal for Mipim, now and in a few years to come, is to make Mipim in line with the expectations and needs of our clients. I am convinced that in the current changing real estate environment, Mipim can play a strategic role in allowing real estate professionals to meet, discuss and exchange on the different ways of facing challenges and boosting their development. All my efforts and these of the Mipim team are focusing on this goal.

› **Mr. Rean, please tell us a bit about what you do when you are not director of Mipim?**

– I spend most of my free time with my three kids, we often travel between France and Italy, my home country. I also like photography and architecture, so it is not unusual for me to go and visit new or existing buildings, especially when traveling I always try to get a sense of the evolution of local architecture in a particular place. This can be done sometimes just wandering around a city and keeping your nose up! 📷

## WHAT DO YOU REALLY NEED AN OFFICE FOR?



That may sound like a strange question coming from us, but it's actually quite a relevant and important issue to ponder. Office development is business development. In our industry, we know this to be true. Together, we can change the perception of what an office is and how it is used. It's not just about cost and square meters. An office is a tool for change. We've tested this theory ourselves and now we work in an activity based office that is sustainable right down to the smallest details.

Based on our experience, we help guide our customers to offices that will help them achieve their goals. We've noticed that several of our competitors are also thinking along such lines and we encourage more to do the same! Only by working together can we change the perception of what an office is and how it is used. And, at the same time, we can offer smarter solutions to our customers!

**VASAKRONAN**  
Välkommen till en bättre värld





#### THREE TIPS FROM BILJANA PEHRSSON:

- Be well prepared and book meetings and participation in seminars well in advance.
- However, keep spaces in your calendar for spontaneous meetings and visits to the stands.
- Have lunch outdoors and enjoy the sunshine.

■ She has been at Mipim ten times or so. However this year will be her first time as the CEO of Kungsleden. Here, Biljana Pehrsson shares with us her best tips for a successful Mipim. **Text:** Eddie Ekberg // **Picture:** Kungsleden

## ”Try to avoid late nights”

BILJANA PEHRSSON HAS BEEN at Mipim in Cannes more than ten times, including the time when she was working at East Capital and Centrumutveckling. This year she will be going to the property fair as CEO of Kungsleden for the first time. Besides Mipim she also goes to Mapic, the retail property fair, which is also held at the Palais des Festival in Cannes in November each year, and she also participates in the ICSC European Conference.

› **How do you think Mipim rates compared with other similar fairs?**

– Mipim is the largest and leading meeting place for the European property and social structure sector, which is unique. No other fair can compare with Mipim.

› **What is Mipim about from your perspective?**

– It is an excellent opportunity for networking and for short meetings with many different players who together provide a good picture of where the market is right now.

› **What do you hope to get out of this year's Mipim?**

– I hope to get together many interesting meetings and it would be perfect to get some ideas around new business.

› **What do you think will be the talking point at this year's Mipim?**

– When it comes to the Swedish participants, the answer is pretty obvious – the ‘Uppdrag Granskning’ TV report about Mipim that was broadcast last autumn.

› **How do you prepare for Mipim?**

– I go through the programme thoroughly in advance and book meetings in plenty of time.

› **What is your best Mipim memory?**

– There is no single event; instead it's all the impressions and ideas I have got over the years at the fair.


› **What is the best deal you have done, or that has been initiated at Mipim?**

– It was before the Kungsleden time when I was at East Capital and got several ideas around business in Russia and Ukraine.

› **What should one not miss at Mipim?**

– I think you should allow yourself time to go to the seminars; there are usually several interesting presentations by knowledgeable speakers.

› **What should you avoid at Mipim?**

– Try to avoid late nights, then you'll do better business the next day. 



**SEASONED MIPIM VISITOR.** Biljana Pehrsson has been at Mipim ten times or so, however, this year marks the first time she will be there as the CEO of Kungsleden. For her Mipim is “an excellent opportunity for networking”.



Nordic Real Estate Partners



## SELECTED AS ONE OF THE TOP 10 EMERGING MANAGERS GLOBALLY\*

- › €600 million equity under management
- › 30+ professionals across the Nordics

\* According to the international annual publication by PERE (Private Equity Real Estate)

[www.nrep.com](http://www.nrep.com) +46 8 678 16 60





# “It’s sad to receive bad publicity for a good event”

The industry on this year’s fair after the autumn review of Mipim

■ Mipim is the most important gathering for the property industry in the whole of Europe – not least for Swedish players. Here some Swedish delegates share their best memories, and reflections on how this year’s show will be – not least in the wake of Swedish Televisions (SVT) review of Mipim this autumn.

**Text:** Eddie Ekberg // **Picture:** Nicklas Tollesson & Eddie Ekberg

## JAN ODELSTAM, SKANSKA COMMERCIAL DEVELOPMENT



this year’s fair?

– It is sad to see this bad publicity for, in many respects, a fundamentally good event. I think that some players will more closely review the number of participants they will be sending, who gets to go, how they will be taking part and the purpose of being there.

### › Why is it important for you to be at the Mipim?

– It is an excellent opportunity to meet a great number of business contacts in a short time. A mix of planned and spontaneous meetings.

## MIKAEL LÖWHAGEN, SKEPPSBRON SKATT



### › How do you think that SVT’s Mipim review last autumn will affect this year’s fair?

– It is likely that there will be fewer participants from the municipalities.

### › Why is it important for you to be at the Mipim?

– We are there to work on our areas of contact primarily with respect to the Swedish property industry. We also meet up with colleagues within our international network (Taxand). We set only aside two days for Mipim and it’s hard to find a better and more efficient way of meeting.

## INGALILL BERGLUND, ATRIUM LJUNGBERG



### › How do you think that SVT’s Mipim review last autumn will affect this year’s fair?

– It will hopefully result in better judgement among some of the players.

### › Why is it important for you to be at the Mipim?

– What justifies participation at Mipim is the opportunity it provides to have many and very efficient meetings when the entire industry is gathered together and focused on one and the same thing, to build relationships and do business.

## JENS ENGWALL, HEMFOSA



### › Why is it important for you to be at the Mipim?

– Because it is a very good opportunity to establish new business contacts.

### › Number of Mipims, including this year: Twelve.

### › Best Mipim memory:

– That would be a major deal that we sealed at Mipim.

### › How do you think that SVT’s Mipim review last autumn will affect this year’s fair?

– I think there may be fewer participants.

## PATRICK FORSLUND, VINGE



### at the Mipim?

– Virtually all of the people in the industry are there so it’s a great opportunity to meet existing contacts, and to establish new ones.

### › Number of Mipims, including this year: Eight.

### › How do you think that SVT’s Mipim review last autumn will affect this year’s fair?

– Possibly reduced participation from municipal/public sector players but otherwise I don’t think it will have any major impact on the fair.

### › Why is it important for you to be

## OLLE ZETTERBERG, STOCKHOLM BUSINESS REGION



they are there.

### › Why is it important for you to be at the Mipim?

– It’s an incredibly good opportunity to highlight the strengths of Stockholm.

### › Number of Mipims, including this year: “16 I think”.

### › Best Mipim memory:

– The 2012 Ipad show, which resulted in 3.5 million viewings on YouTube.

### › How do you think that SVT’s Mipim review last autumn will affect this year’s fair?

– Not much but I hope that taxpayer-funded participants reflect on why

»Those who went for non-business reasons will perhaps stay at home this year.«

## ELINOR FORS, SIPA



– With the right intentions in mind, there is no obstacle to travelling to Mipim. Those who went for non-business reasons will perhaps stay at home this year.

### › Why is it important for you to be at the Mipim?

– The Mipim is a great place for the industry to gather together, a place where people can meet in an open and unpretentious manner. For Sipa and its members the fair constitutes a platform on which to build relationships and deepen knowledge.

### › Number of Mipims, including this year: 13.

### › Best Mipim memory:

– There are so many memories that they all flow together into one great feeling about all the meetings with people who have benefited the network.

### › How do you think that SVT’s Mipim review last autumn will affect this year’s fair?

## LENNART LARSSON, HUSVÄRDEN



– It provides inspiration and is a very good opportunity for networking.

### › Number of Mipims, including this year: Nine.

### › How do you think that SVT’s Mipim review last autumn will affect this year’s fair?

– Not at all regarding the actual fair. The programme focused mostly on receipts and life outside the fair.

### › Why is it important for you to be at the Mipim?

»The programme focused mostly on receipts and life outside the fair.«





# NEWS IN BRIEF

by Eddie Ekberg



## Two transactions for three billion in Stockholm

**TRANSACTIONS** Trygg Hansa-huset (Sthlm Crown) and Chokladfabriken in Stockholm have been sold. The value of the transactions amounts to about three billion Swedish crowns. The purchaser in both cases is Swedish investor Areim.

Areim acquires, through Areim II, Trygg Hansa's 40 000 square metre large office building Stockholm Crown on Kungsholmen in Stockholm.

In conjunction with the deal, Trygg Hansa has signed a new five-year lease.

The purchase also includes a project property, comprising approximately 7 000 square metres of office space on the corner of Fleminggatan/Scheelegatan.

– It's an interesting project, but it is primarily the existing building's desirability that has led us to carry out this investment. It is a good building in the current situation but there are also good opportunities for upgrades and development of the building, says Areim's founder Leif Andersson.

At the same time, Areim acquires office property

Chokladfabriken in Sundbyberg from Skanska. The value of this transaction amounts to SEK 600 million.

– Areim Fund II will be investing in Sweden, mainly in Stockholm, focusing on the development of office properties. The acquisition of Chokladfabriken, an office building in an attractive location with respect to public and private transport, with both development potential and existing cash flow, is completely in line with the fund's strategy, says Therese Rattik, CEO of Areim.

## Swedish company invests billions in the USA

**CONSTRUCTION/ARCHITECTURE** The Swedish housing developer Index International is investing heavily through collaboration around senior housing in the USA. Along with Florida-based Watercrest Senior Living Group they will be developing housing for senior citizens across the whole of the United States. The contract is initially worth SEK 3.2 billion.

– Our mission as a residential developer also includes the homes for the elderly. When we decided to invest in homes for senior citizens in the United States, we met many potential partners. In Watercrest Senior Living Group, we have a partner that conforms with our business culture, says Bjarne Borg, co-founder and CEO of Index Investment LLC.

## EY: Swedish property remains hot

**SWEDEN** 90 per cent of Europe's property investors consider the Swedish market to be attractive or very attractive in comparison with other European countries and they predict an increased number of property transactions in Sweden in 2014. This is according to a new report from the EY, based on interviews with over 500 property investors in 15 countries.

A large majority (81 per cent) of respondents predict an increased number of property transactions this year compared to previous years at the same time as the value of the average property transaction is expected to increase.



Daniel Öberg.

## Carlyle sells Globen City



Globen City.

**TRANSACTIONS** Swedish listed property company, Klövern, has signed a letter of intent with The Carlyle Group to acquire Globen City, comprising the Arena 2, 3, 6 and 8 properties in Stockholm, and Startboxen 3 in Solna.

The total lettable area is approximately 140 000 square metres and consists mainly of office space.

The letter of intent allows Klövern exclusivity to conduct a due diligence analysis of the properties. It is expected that the final agreements will have been concluded by the end of Q1.

Fastighetssverige assesses the underlying property value to be SEK 3.6–4.0 billion.

Catella acted as advisor to Carlyle in the transaction.

## SAGAX MAKES ACQUISITIONS FOR 600 MILLION IN FINLAND

**TRANSACTIONS** Sagax acquires two properties in Vanda, Helsinki. Seller of the properties is Sanoma, currently a tenant in both properties.

– The properties are in interesting locations adjacent to on-going or contemplated development projects. They complement Sagax's existing portfolio in Helsinki well and will contribute to Sagax's management performance and operating cash flow during the foreseeable future, says Sagax's CEO David Mindus.

Advium Corporate Finance acted as advisor to the seller, Sanoma.

## SVEAFASTIGHETER-FOUNDERS IN NEW VENTURE

**TRANSACTIONS** Christer Andersson and Johan Knaust, who co-founded Sveafastigheter, have together with Olle Knaust – formerly Fabege – started K2A Fastigheter. The company has now made its first acquisition. K2A acquires 8 000 square metres of Akademiska Hus in Kiruna – the entire Akademiska Hus stock in the municipality.

The tenant is the Swedish Institute of Space Physics.

## STOCKHOLM NINTH IN EUROPE

**SWEDEN** Dublin is this year's climber on PWC's and ULI's ranking of the most important property markets in Europe. The Irish capital was in 20th place last year, but is now second. Stockholm is in ninth place. Munich is number one.

The 10 hottest European cities for investments in existing properties (last year's position in brackets):

- 1 Munich (1)
- 2 Dublin (20)
- 3 Hamburg (5)
- 4 Berlin (2)
- 5 London (3)
- 6 Zurich (7)
- 7 Istanbul (4)
- 8 Copenhagen (12)
- 9 Stockholm (8)
- 10 Frankfurt (11)



## PROPOSED ABOLITION OF TAX ON RENTAL APARTMENTS

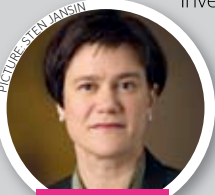
**SWEDEN** Sweden's Property Taxation Committee proposes that the municipal property tax on rental housing provided by property management companies should be abolished from 2015.

The Committee notes that rental housing is tax disadvantaged compared to other forms of tenure, and it therefore proposes the abolition of the municipal property tax.

## NCC SELLS OFFICE PROJECT IN FINLAND

**TRANSACTIONS** NCC has sold stage three of the Alberga Business Park office project outside of Helsinki for SEK 190 million. The purchaser is the German company Union Investment Real Estate GmbH.

– The Alberga office project has been very successful and the first three stages have now been sold. The transaction is an acknowledgment of NCC's strong position as one of the leading property developers in Finland, says Carola Lavén, President of NCC Property Development.



Carola Lavén.

## NIAM SELLS IN THE BALTICS

**TRANSACTIONS** Niam sells Rimi Distribution Center in Riga, Latvia, to the current tenant Rimi Latvia, owned by Rimi Baltic.

The property which comprises approximately 36 000 square metres was acquired in 2005 and is Niam's only investment in the Baltics so far.

We know the property market

**NAI Svefa**  
Kompetens som får värden att växa

www.naisvefa.com

**NAI Svefa**  
Kompetens som får värden att växa



# American Starwood premiere purchases for four billion

**TRANSACTIONS** American Starwood Capital Group acquires seven large retail parks from KF Property for SEK 3.9 billion.

Starwood is a private, USA-based company focusing on the global property market. The company currently manages assets amounting to SEK 29 billion dollars.

This is Starwood's first investment in the Nordic countries, and it is implemented in collaboration with the Swedish company, Vencom Partners.

KF has sold Bromma Blocks and Arninge in Stockholm, Jägersro in Malmö, Bäckebol in Gothenburg, Boländerna in Uppsala, Tuna Park in Eskilstuna and Weibullsholm in Landskrona.

The retail parks comprise approximately 205 000 square metres.

– We are very satisfied that this transaction that we have worked with for some time now has been brought to a successful conclusion. Starwood is a strong and competent buyer of assets in the retail sector and has the resources necessary to continue to develop these retail parks, says Johnny Capor, acting president and CEO of KF and Coop.

– The balanced and strong growth in the Swedish economy, the locations of the properties and the strong tenant profile fits our investment focus perfectly, said Jeff Dishner, Senior Managing Director at Starwood Capital Group.



Bromma Blocks.

PICTURE: KF PROPERTY



Balder acquires Murmästaren 3 from Vasakronan.

PICTURE: VASAKRONAN

## VASAKRONAN SELLS FOR HALF A BILLION IN CENTRAL STOCKHOLM

**TRANSACTIONS** Vasakronan sells its Murmästaren 3 property (which is fully leased to the County Administrative Board) for SEK 490 million.

Balder acquires the Murmästaren 3 property, which is fully leased to the County Administration Board. The underlying property

value of the deal is SEK 490 million.

Balder already owns the neighbouring property, Murmästaren 7.

Murmästaren 3 is located just east of Kungsholmen Square in central Stockholm.

The address is Hantverkargatan 29 and Garvaregatan 8-12.

## Hemfosa in billion deal

**TRANSACTIONS** Together with Crown Nordic Management, Hemfosa acquires a property portfolio of 28 commercial properties from Provinsfastigheter – formerly Allokton – with a property value of SEK 1 285 million. The 28 properties are mainly located centrally in growth areas in southern and central Sweden, with 36 per cent of the property assets in the Stockholm region. The total lettable area comprises 142 182 square metres, and the rental value amounts to approximately SEK 155 million. The properties comprise community facilities as well as office and logistics premises.



Jens Engwall.

PICTURE: PROVIDER

## Akelius carries out large internal transaction in Toronto

**TRANSACTIONS** Akelius carries out an internal transaction, comprising 1 700 apartments in central Toronto. Akelius Apartments Ltd sells the apartments to Akelius Fastigheter for SEK 1 600 million. In conjunction with the acquisition Akelius Fastigheter AB issues Akelius Apartments Ltd shares for one billion crowns.

– Our ambition is to build a business in Canada similar to the stable and high-yield operations we already have in Sweden and Germany. Our First Class concept works extremely well in Canada, and we intend to upgrade all the apartments, says Akelius CEO Pål Ahlsén.



Pål Ahlsén.

PICTURE: PÅL E. NILSSON

## Cityhold premiere purchases in Germany

**TRANSACTIONS** Cityhold carries out its first transaction in Germany with the acquisition of an office property in Munich. Seller is IVG Institutional Funds GmbH.

The property is approximately 15 000 square metres and the average lease term remaining is seven years.

– Following the successes in London our goal was to expand in Europe. We are now very satisfied to have completed our first German transaction, especially considering the fact that it matches our investment criteria so well, says Per Sjöberg, CEO of Cityhold.



PICTURE: COLLIERI INTERNATIONAL

Cityhold premiere purchases in Germany through the acquisition of an office property in Munich.

## BIG DEAL IS SEALED: VICTORIA PARK IN BILLION-CROWN ACQUISITION

**TRANSACTIONS** Listed company Victoria Park has signed an agreement with Fastighets AB Tornet for the purchase of all of the company's residential properties in Kristianstad and Stockholm at a property value of SEK 1 051 million. The deal is part of Victoria Park's strategy to establish the company as a significant player in the Swedish housing market. The deal increases Victoria Park's property value from SEK 1.7 billion to SEK 2.8 billion and the rental value from SEK 227 million to SEK 341 million.



Peter Strand.

PICTURE: VICTORIA PARK

## ALECTA ACQUIRES HASSELBLADSHUSET

PICTURE: COLLIERI



Alecta acquires Hasselbladshuset in Gothenburg.

**TRANSACTIONS** Alecta acquires Hasselbladshuset in Gothenburg from Credit Suisse, which sells after seven years of ownership.

Alecta has previously acquired Västerport in Stockholm from Credit Suisse.

Hasselbladshuset is 14 700 square metres in area most of which is office space that is currently fully leased. The parties have agreed not to communicate the purchase price.

## JLL: DECLINING YIELDS ON OFFICE SPACE - INCREASED IN EXTERNAL RETAIL SPACE

**SWEDEN** Required yields have fallen for office space in the Stockholm CBD and in Solna, according to Jones Lang LaSalle. But they have risen when it comes to external retail properties.

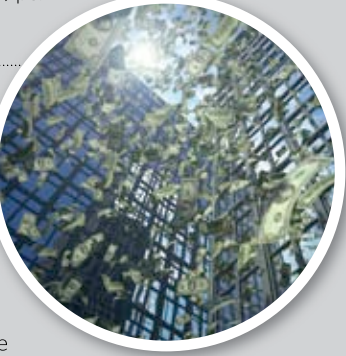
The prime yield for offices fell in 2013 to 4.50 per cent (4.75) for offices in Stockholm CBD and to 5.75 (6.00) for offices in Solna.

At the same time demand for external retail real estate remained limited, which meant that the yield is estimated to have increased to 6.50 (6.25) per cent.

## PWC: GOOD FUTURE PROSPECTS

**SWEDEN** The picture painted by Swedish property companies when assessing the market continues to be a bright one. The number of companies that believe in higher property prices has increased since the beginning of the year.

More also believe in rising rental income and improved access to loan capital for investments. This is according to the Property Temperature (Fastighetstempen) survey carried out by PWC and conducted among decision makers in the Swedish property industry.



## NCC SELLS HOUSING PROJECT IN GERMANY

**TRANSACTIONS** NCC has sold a residential project comprising 70 flats near Frankfurt in Germany to an institutional investor for SEK 138 million.

– Selling to investors is an important part of NCC Housing's business model. The sale of this project, which is located near the international airport in Frankfurt is also in line with our strategy to sell more rental projects, says Joachim Hallengren, President of NCC Housing.



Joachim Hallengren.

PICTURE: STEFAN JÄRNS



# He has taken Platzzer to the Stock Market

During P-G Persson's time as CEO, Platzzer's property value has doubled. And he has recently been *in the driving seat* when the company took its place on the Stockholm Stock Exchange.

*Text & picture:* Eddie Ekberg



**H**ow have things been in the aftermath of the IPO?  
– Very good indeed. Throughout our road show, both in Sweden and in Europe, we were met by very positive responses by many people who think the company has huge potential.

› What do you experience to be the difference now when you are at the helm of a listed company?

– Well I have perhaps not had time to reflect so much on it. It's only recently that everything came into place. But for Platzzer as a listed company it will be business as usual, the intention is not to alter the strategies for the company in

» I will stay on as long as I, myself, the co-workers and the board think I contribute something positive to the company.«

any way. We have been mature for a listing and have worked as a public company with quarterly reports since 2011. So for my part, there is no huge difference, there are a few more interviews but otherwise things are largely the same as before.

› The value of Platzzer's properties has more than doubled during your time with the company – how much more are you going to grow?

– The value was just over three billion in 2008 and it's seven billion today. The idea is that we should have a growth rate of about a billion crowns per year, but that is naturally governed by what business opportunities there are available. ›



**IS NOT CHANGING TRACK.** P-G Persson has only had three employers during all his years in the property industry, including the job of CEO of Platzzer Fastigheter, which he has had since 2008. And he is married to the woman he met in 1987, at the age of 22. He is, in other words not particularly fickle and does not intend to leave the property business, at least not as long as he can stand up.

## DESIGNED HIS OWN HOUSE

**Name:** P-G (Per-Gunnar) Persson.

**Age:** 48 years old.

**Family:** Wife, three children and dog, Mimmi.

**Grew up in:** Mölndal.

**Lives:** House in Nässet, Gothenburg.

**Car:** Volvo V70 D4 diesel.

**Studies:** Civil Engineering at Chalmers.

**Career highlights:** Tennis coach throughout his entire study period and during the early years before Skanska. Manager, Property Manager, Regional Manager and Vice President/CEO at Skanska 1995-2005, Head of Business Area at Coor Service Management 2005-2008 and CEO of Platzzer Fastigheter from 2008.

**Reads:** Lightweight novels by, for example, Dan Brown.

**Watches on TV:** Mostly news.

**Other assignments:** Board member of Anliem, Provobis Invest, Emilsborg Property Nybro and Gärda Stakeholders. Chairman of Tennis Gothenburg.

**Bonus:** Has along with his wife built two architect-designed private homes, including the house in which they live today.



PICTURE: NASDAQ OMX



**EVENTFUL DAY.** On 29th November last year PG Persson rang Platzter in on the Stock Exchange. On the same day, Wallenstam sold its more than six million shares in the company.

- › Doing bad deals purely in order to grow is not a good long-term strategy for creating value in the company.
  - › What and where should Platzter make acquisitions?
    - We strongly believe in central Gothenburg, which of course is in the process of densification. We have 65 per cent of our properties there. And then we believe in the nodes around Gothenburg, such as Gamlestadstorget, Frölunda Torg and Backaplan.
  - › And what are you going to sell?
    - Individual properties that do not fit into our strategy.
  - › Your comments concerning the fact that Wallenstam sold its holding in Platzter on the same day as you went public?
    - It was expected that they would sell, but I was taken by surprise when they did it just on that day – they sold over six million shares. So in

the short term, it wasn't so good, but in the long term it is only positive.

- › Do you have any other dream job in the industry?
  - No, I think I have my dream job right now. I worked in the construction side, at Skanska, for seven months but it was not for me. Property is my thing, as is building and leading organisations.
- › How long will you stay on as CEO of Platzter?
  - I'll stay on as long as I, myself, the co-workers and the board think I contribute something positive to the company. This job is absolutely perfect for me, in my opinion.
- › What will you do when you are finished with the property industry?
  - I don't think I will ever completely leave the property industry. I will carry on, albeit on a smaller scale, as long as I can stand up. 📺

### 10 quick questions

1. What makes you angry? "Egoistic, insecure people."
2. You get 100 million swedish crowns that you have to invest immediately, what do you do? "Shares in Platzter."
3. What is your greatest extravagance? "Don't have so many, I probably travel a little more that most people do."
4. Do you believe in God? "No."
5. What's your favourite gadget? "My Ipad."
6. Describe yourself in three words that capture both PG Persson the professional and the private person? "Impatient, stubborn and focused."
7. What has been your best private purchase? "Shares in Ericsson and the private house that I have built."
8. What has been your worst private purchase? "Also here some shares, and a load of electronic gadgets that just break."
9. Do you give money to street beggars? "Sometimes."
10. Do you have any tattoos? "No."

# NORDIC TRANSACTION POWER



Since the start in 2009, Pangea Property Partners has advised on transactions with a total property value exceeding EUR 90 bn.

**PANGEA PROPERTY PARTNERS** is a leading Nordic corporate finance and advisory firm focusing solely on the property sector. Our client base ranges from blue chip international investors to domestic and local property owners. Our cross-border transaction services are supported by an inhouse research team closely following the Nordic property and capital markets. Typical mandates include sizeable buy and sell side property transactions, strategic and financial advisory, property development projects, IPOs and buyouts, financial restructurings and capital raisings (ECM and DCM). Currently, Pangea has some 40 employees with offices in Stockholm and Oslo.

[www.pangeapartners.se](http://www.pangeapartners.se)      [www.pangeapartners.no](http://www.pangeapartners.no)







**HESITANT.** Million Programme properties have become a hot investment segment in Sweden and the yield demands have fallen drastically in just a few years. Åsa Henninge, Head of Analysis at NAI Svefa, is however hesitant with regard to the segment and believes that many may have underestimated the maintenance requirements.

■ Interest in acquiring so called Million Programme properties in Sweden has exploded in recent years.

However Åsa Henninge, Head of Analysis at NAI Svefa, is hesitant to the market segment.

– I think many may have underestimated the maintenance requirements and costs, she says.

**Text & picture:** Nicklas Tolleson

She sees several factors that have come into play and led to that the attraction has been directed towards investing in Million Programme property:

- After the financial crisis, investors have become more risk averse and have looked for investment opportunities with stable cash flows.
- The housing shortage means that vacancy/rent risk in growth areas is in principle non-existent.
- A limited supply exerts downward pressure on yields demands, which implies increase in value.

**AT THE SAME TIME** as there is a great shortage of housing around the big cities there are many Million Programme areas in rural locations that have large vacancy rates.

– Around 70 of Sweden's 290 municipalities are growing significantly in terms of population. Of these 70 we regard 40 as interesting markets for investments, says Åsa Henninge.

It is a well-known fact that properties in the Million Programme have considerable renovation requirements, and the public housing authorities are in many cases not able to carry out such renovations – especially since the focus adopted by public housing was changed so that it is now based on commercial principles and is thus driven by market yield demands.

– Public housing should not favour its tenants by means of more extensive maintenance or lower rent than the rest of the market. If public housing is going to be able to make the investments required they need to charge rent based on market-based yields and raise their rents so that the yield demands are met. Usually, they cannot charge sufficiently high rent increases for the investment to be considered profitable, says Åsa Henninge.

**IF THE BUYERS** are going to be able to implement the necessary renovations and at the same time meet their market yield demands it will require significant streamlining of the administration or extremely cost effective renovations.

– I've studied Willhem's major acquisition of Familjebostäder in 2012 more closely. NAI Svefa estimates that the market yield – i.e. what Willhem had calculated – was about 3.8 per cent. However, if you look at the actual operational and maintenance costs that Familjebostäder reports then the initial yield was in the region of 1.7 to 1.8 per cent.

– The public housing companies have generally high overhead costs and historically high maintenance costs. Larger national investors have significant opportunities to streamline for instance purchasing and running costs and they believe that they can reduce management costs. They can certainly do that, to some extent at least. ➤

## Client focused Asset Management services



Total return (%) IPD/SFI	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Average /10 years
Retail	2,7	7,7	9,1	4,7	8,5	12,3	15,9	14,6	7,4	7,1	4,9	8,3	17,3	18,5	17,2	-2,6	2,0	10,2	10,7	5,9	9,3
Office	-1,8	5,7	7,3	8,3	10,7	15,4	17,7	24,2	2,7	-0,3	-1,8	4,2	11,3	15,4	14,8	-3,5	-0,4	10,6	10,5	6,6	6,1
Industrial	-0,2	2,5	2,0	1,9	10,6	11,1	15,9	15,6	4,0	6,3	3,7	4,9	14,7	25,4	13,1	-0,4	-0,7	4,6	9,7	4,9	8,1
Residential	10,0	9,3	9,1	11,4	12,4	11,5	18,1	18,2	11,3	10,4	9,5	12,2	15,5	16,6	11,8	-3,7	13,9	9,4	7,8	6,7	10,0
Others										6,6	5,4	5,5	13,7	18,4	13,6	-2,6	2,7	14,6	8,9	5,9	8,6
All Properties	0,8	6,6	8,0	7,8	10,7	14,4	17,5	21,9	4,6	2,4	0,9	5,8	12,7	16,1	14,7	-3,3	1,4	10,4	10,2	6,4	7,5
SIXRX	56,33	6,5	20,66	42,63	27,92	13,09	69,76	-10,8	-14,84	-35,9	34,15	20,75	36,32	28,06	-2,6	-39,05	52,51	26,7	-13,5	16,5	16,0

Source: IPD/NAI Svefa



➤ **HOWEVER, ÅSA HENNINGE** has difficulty seeing how they can reduce costs sufficiently in order to meet the yield demands.

- I think many underestimate the maintenance debt to be found in the Million Programme property holdings. So far, buyers have been successful in their acquisitions – the cash flows are stable and values have risen but this has been due to declining yield demands. From this perspective, one can imagine that for many of these players these holdings may not be quite as long-term as they were intended to be.

In the Million Programme areas that have the highest market value the square metre prices have been in the region of up to SEK 16,500 per square metre – but in the main, prices have been around SEK 6,000-7,250 with some as low as just below SEK 5,000.

- A complete renovation can sometimes be just as expensive as building a new property. However in the case of new constructions one can set out presumption of reality rent review clauses, while rent after the renovation of existing properties is set based on user-value regulations.

➤ **What will be the impact on the Million Programme properties if we move towards less regulated rent setting?**


- The Million Programme areas can be adversely affected by this. As a result of the user-value regulations, the differences in

»*I think many underestimate the maintenance debt to be found in the Million Programme property holdings.*«

rent between an inner city apartment in Stockholm and a Million Programme apartment in the suburbs are not particularly great today and thus do not reflect the supply and demand. Deregulation together with an increase in new construction would mean that competition for tenants would become tougher, something that less attractive dwelling stock such as that of the Million Programme could lose out on.

➤ **We have seen rising prices and falling yield demands in recent years, how long do you think this trend will continue?**

- For two or three years perhaps. The risk appetite of the players in the market is increasing once again and that means that residential investments are becoming less attractive. At the same

time, it feels like the large net buyers have in recent years reached a phase of consolidation and are not as keen on growing as fast as before, at least not through acquisition of existing stocks. 2014 will still be an interesting year in the housing market. We are not likely to see as many sales of public housing this year since it’s an election year and this will lead to an even smaller supply, which in turn could put further downward pressure on the yield demands. This provides opportunities to realise profits and we may possibly see large net buyers of recent years on the sales side instead, Åsa Henninge speculates. 

THE MILLION PROGRAMME

The Million Programme is the colloquial term for housing construction in Sweden during the period 1965-1975, which followed a decision by parliament in 1965. The goal was to build one million homes and improve housing standards in a short period of time. The housing shortage was acute, caused by strong urbanization. At the same time the large baby-boom generation of the 40s was leaving home and creating own homes of their own, which resulted in a baby boom starting around 1965. A prerequisite for the Million Programme was the pension reform of 1959. Significant equity had been built up in the state pension funds, which could be used to finance the project. The majority of the homes were apartments in blocks of flats.

Today, the Million Programme properties are often shabby and in need of maintenance and major renovation.



# FOYEN

– part of your industry –



Lawyers dedicated to the construction and real estate industry.

www.foyen.se / www.foyen.no



# See opportunities in small-scale renovation

■ Million Programme properties have become hot investment targets in recent years. The major renovations needed in the holdings are now regarded more as an opportunity than a risk.

Instead of evacuating tenants and carrying out major renovations, many residential property owners are now renovating one apartment at a time, after a tenant has moved out. **Text & picture:** Nicklas Tollesson

**ONE COMPANY THAT SEES** great business opportunities in the Million Programme is Stendörren whose housing stock is on its way to the stock market, under the company name of D. Carnegie & Co.

The leverage of the company's business concept is in cost-effective renovations. Sister company, Bosystem, has carried out one apartment at a time renovations for a long time in Stendörren's stock. High standards can be achieved at a low cost thanks to cheap purchasing from countries such as China or Poland. Ulf Nilsson believes that in this way the cost of renovation is halved, from SEK 10 000 to SEK 5 000 per square metre, compared to traditional renovation involving tenant eviction.

– Rental increases are generally around 30–40 per cent, and then

the standard of the apartments is equivalent to new construction. However, rents are still only 60–70 per cent those of the rentals of new constructions, says D. Carnegie's CEO Ulf Nilsson and he continues:

– Tenants are more than willing to pay higher rentals for better products. The rents are negotiated with the Swedish Union of Tenants and they are also usually positive; the stock is improved and no tenant has to move. It is common that tenants move within the holdings to a newly renovated apartment, which we of course welcome, because this leads to another apartment becoming available for renovation, says Ulf Nilsson.

The mains plumbing systems are also replaced in conjunction with the renovations. ➤



**SEE OPPORTUNITIES.** Knut Pousette and Ulf Nilsson at Stendörren and the new D. Carnegie & Co see great potential in the renovation of the Million Programme properties. D. Carnegie is aiming at an IPO and the goal is that the company's property portfolio will double from today's level of around three billion Swedish crowns.





**SMALL SCALE RENOVATIONS.** Mr. Granath argues that one can renovate more cost-effectively in a small-scale manner. "To say that one loses out on purchasing costs when making small purchases is a delusion, a vestige of the past," says CEO Mikael Granath.

- – We change the plumbing in the apartment in question and we can also at the same time replace it vertically one floor above and one below. With a relocation of ten per cent, it takes ten years for a block to be completely renovated, but the mains are already replaced in seven years, says Knut Pousette, CEO of Stendörren.

**WILLHEM ALSO APPLIES** a similar system of renovation called Willhemlyftet. CEO Mikael Granath also argues that it is more cost effective than evicting all the tenants and renovating on a large scale.

– We work with a very small organisation, virtually no administration, no project management. The same staff can carry out several different aspects of the operations. This also means that we can develop the concept as and when we see how we can best make some of the interventions of the operations more effective.

➤ **But you lose out on purchasing costs when you only make smaller purchases?**


– No, that's not true, it is a fallacy that lives on from the past.

---

*»We work with a very small organisation, virtually no administration, no project management.«*

---

Nowadays, the production system in the supply chain is more suited to present times; one doesn't build up large volumes of stock anymore.

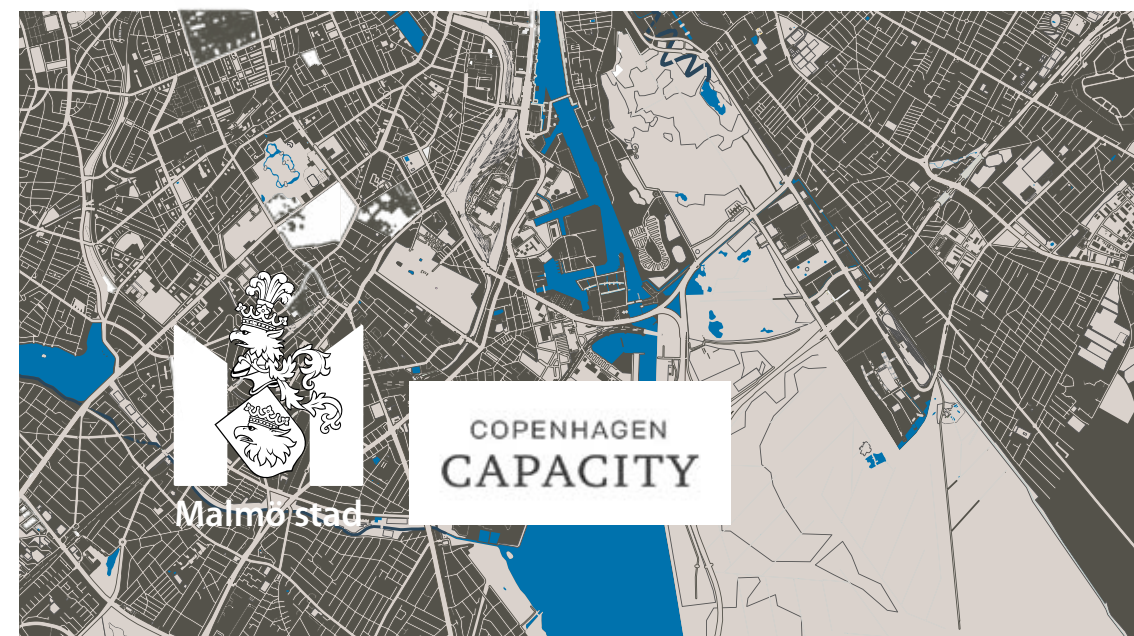
An average Willhemlyft resulting in new-build standard costs around SEK 350 000 per apartment, and the rental increases the renovation leads to range from 30–45 per cent, depending on factors such as location and previous rental levels. 

## The Copenhagen-Malmö region A pool of opportunities



Easily accessed from all parts of the world.  
Home to the largest concentration of highly educated people in northern Europe.  
Highly ranked in terms of business climate, investments, science and quality of life.

City of Malmö Copenhagen Capacity and partners



**Join us at  
MIPIM stand  
no 19.14,  
level 01**



■ Last autumn Kungsleden acquired 84 commercial properties from GE Capital Real Estate for five and a half billion Swedish crowns. The deal puts them at the top of last year’s list of largest net purchasers in Sweden. Balder comes in second, closely followed by Starwood, which, together with Vencom Partners, premiere purchased in the Nordic countries last year. Here are the ten largest net purchasers in 2013. (The figures are provided by Newsec.) *Text:* Eddie Ekberg

# Kungsleden top of the net purchasers’ list

## Top 10 // Net buyers in 2013

**1 Kungsleden**  
**CEO:** Biljana Pehrsson.  
**Volume:** SEK 5.7 billion.  
Kungsleden was responsible for the largest property transaction of 2013, the acquisition of 84 commercial properties from GE Capital Real Estate. It was presented in the autumn and amounted to SEK 5.5 billion. Most of the property portfolio is located in Stockholm and Gothenburg. Through this acquisition, Kungsleden meets its targets for new investments in the coming two-year period at once. During the year, a part of a property in Lund has also been acquired.

**2 Balder**  
**CEO:** Erik Selin.  
**Volume:** SEK 3.9 billion.  
Several acquisitions, where the purchase of Bovista Invest is the largest, resulting in a second place on the 2013 list. The takeover of Bovista Invest was completed in the autumn when Glitnir Bank Luxembourg sold the housing company after having had the holding for a short time on taking it over from bankrupted Center Plan. In 2013 Balder also took the opportunity to acquire properties in both Stockholm and Gothenburg. New issued preference shares were an important prerequisite to make these deals possible.

**3 Starwood Capital Group**  
**Head of Real Estate:** Jeffrey G. Dishner.  
**Volume:** SEK 3.9 billion.  
The first property investment in the Nordic region for Starwood whose strategy is to increase its property allocation here was also the second largest deal in Sweden in 2013. Vencom Partners are co-investors in this deal and operational partner. Loss-making KF Group is thus rid of seven major larger retail sites, including Bäckebol, Bromma Blocks and Tuna Park. In total, the properties comprise approximately 205,000 square metres and in three of the sites there are additional construction rights for a total of approximately 70 000 square metres.

**4. Catena**  
**CEO:** Gustaf Hermelin.  
**Volume:** SEK 3.8 billion.  
Catena takes over the property company Brinova's logistics properties and starts up a whole new business unit. In all, it comprises 43 logistics and warehouse properties with an area totalling 650,000 square metres.

**5. AMF Fastigheter**  
**CEO:** Mats Hederos.  
**Volume:** SEK 3.5 billion.  
AMF Fastigheter took the opportunity when German Allianz put Jericho 34 up for sale. The property is strategically located adjacent to already-owned Mood, CityCronan and Europahuset, all of which are in Stockholm CBD.

**6. Nordhalla**  
**CEO:** Patrik Hall.  
**Volume:** SEK 2.9 billion.  
Malmö-based Heimstaden sell properties for SEK 2.9 billion

to a newly formed company in which the company itself maintains just short of 30 per cent ownership. In all, the transaction encompasses 148 properties in 15 municipalities with the largest residential areas in Katrineholm and Vetlanda.

**7. Victoria Park**  
**CEO:** Peter Strand.  
**Volume:** SEK 2.0 billion.  
At the end of the year it was announced that Victoria Park has acquired properties in the Stockholm suburb of Tensta (532 apartments) and Kristianstad (780 apartments) for more than SEK one billion and that they were implementing a rights issue.

**8. Profi**  
**CEO:** Staffan Olsson.  
**Volume:** SEK 1.7 billion.  
Profi launched its Fund III in 2013 and acquired Infra City for an estimated SEK 1.6 billion. Infra City comprises 190,000 square metres and suffers from vacancy problems in the office side of the operations.

**9. Wihlborgs**  
**CEO:** Anders Jarl.  
**Volume:** SEK 1.7 billion.  
Wihlborgs takes control of the entire Ideon business area in Lund through the acquisition of Ikano Fastigheter's portfolio in the area paying SEK 1.5 billion. The portfolio includes ten properties with a total leasable area of over 60 000 square metres.

**10. Akelius**  
**CEO:** Pål Ahlsén.  
**Volume:** SEK 1.7 billion.  
Among the top five of the largest transactions during the year is Akelius' repurchase of Apartment Bostad estimated at being just short of SEK 3.3 billion. Apartment Bostad had 3 600 houses in western Sweden, with large holdings in Halmstad, Gothenburg and Borås.

NOTE: When considering the largest investors, Rikshem with CEO Jan-Erik Højvall comes in second place with a volume of SEK 4.0 billion. Source: Newsec

# The largest transactions 2013

(The figures are provided by Newsec)

## Top three Stockholm 2013

- 1**

**Buyer:** KLP.  
**Seller:** NCC.  
**Property:** New build project Torsplan in Hagastaden.  
**Price:** SEK 1 618 million.
- 2**

**Buyer:** Profi Fastigheter.  
**Seller:** Orion Capital.  
**Property:** Infra City.  
**Price:** SEK 1 600 million\*.
- 3**

**Buyer:** AMF Fastigheter.  
**Seller:** Allianz.  
**Property:** AMF strengthens its presence in the area (part of Stockholm CBD) through the acquisition of Jericho 34 with EY as the largest tenant.  
**Price:** SEK 1 600 million.

## Top three Gothenburg 2013

- Buyer:** Platzer.  
**Seller:** Skanska.  
**Property:** Tennet, newly developed property in central Gothenburg.  
**Price:** SEK 630 million.
- Buyer:** Stena Fastigheter.  
**Seller:** Skanska.  
**Property:** Gröna Skrapan, Platinum certified in accordance with the international environmental certification system LEED.  
**Price:** SEK 617 million.
- Buyer:** DNB Scandinavian Property Fund.  
**Seller:** DNB Liv.  
**Property:** Hotel Radisson Blu Scandinavia.  
**Price:** SEK 578 million.

## Top three Malmö 2013

- Buyer:** SEB (property fund Domestica).  
**Seller:** OBOS Forretningsbygg AS.  
**Property:** Housing portfolio in Bunkeflostrand, 8 properties.  
**Price:** SEK 900 million\*.
- Buyer:** Niam.  
**Seller:** Corpus Sireo (DEREF SICAV-FIS).  
**Property:** Two office properties in CBD.  
**Price:** SEK 500 million\*.
- Buyer:** VACSE.  
**Seller:** DNB Nor.  
**Property:** Acquisition concerns the new Court of Appeal in Malmö.  
**Price:** SEK 361 million.

\* The purchase sum is estimated by Fastighetssverige.

Source: Newsec

NOTE: The lists refer to location-based transactions and hence disregard the portfolios.



# Stable market for transactions

– and increased international interest



**INTERESTING MARKET.** Several of the large consulting houses in Sweden believe that we will see increased interest in Sweden from international investors during the year.

■ 2013 was a normal transaction year in the Swedish property market, which was dominated by Swedish institutional capital. However, there is every indication that international investments will increase this year and that it is not necessarily in the major city centres that the best investments are to be found. **Text:** Eddie Ekberg

**SEVERAL CONSULTANCY COMPANIES** confirm that 2013 was a normal year for the Swedish property market in terms of transactions. They are equally agreed about the fact that transactions will have increased when it is time to summarise 2014.

– The substantial interest from investors, significant access to common equity combined with increasingly better opportunities to secure funding means we are very optimistic about 2014 from a transaction perspective. There is a great deal of interest in most types of property, says Johan Bernström, Head of Transactions at Savills.

At Newsec a change has been identified; transaction activity for

properties outside the city has increased at the same time as the required yield for properties in the inner city and suburbs close to the city have fallen.

– Increased risk appetite among investors, better access to financing and lower vacancy risk has made properties outside the best locations winners in the marketplace. Although the returns on other asset classes such as stocks and bonds have improved markedly recently, property still provides attractive risk-adjusted returns, says Arvid Lindqvist, Chief Economist at Newsec.

DTZ has noted increased international interest in property investments in Sweden.



Johan Bernström.



Arvid Lindqvist.



Agneta Jacobsson.



Daniel Gorosch.

– The proportion of Swedish buyers remains high, but we are aware of increased foreign interest, in particular when larger transaction opportunities come onto the market, says Agneta Jacobsson, CEO of DTZ in Sweden.

**JONES LANG LASALLE SEES** increased interest from opportunistic foreign investors.

– Despite the fact that there was a calm slowdown in the property market in 2013, activity in the market remains at historically high levels, especially so-called core investments that dominate the market. Increasingly improved access to financing has however increased the more opportunistic investors' presence, and Starwood's entry into the Swedish market is therefore particularly interesting. In the coming year, we expect that this trend shift will be strengthened and that the more opportunistic side of the transaction market will take off in earnest, says Daniel Gorosch, CEO of Jones Lang Lasalle. 



Free the capital  
in your property.  
Maximise the  
actionability  
of your company.

Skandrenting offers bespoke rental solutions for existing properties as well as for new productions.

Our clients reside all over the country, within the public and the private sector.

Contact us to learn more about what we can do for you. Welcome.

 **Skandrenting**

skandrenting.se · 08-406 75 80





**ANALYSTS.** Mikael Söderlundh, Head of Research and Jenny Nygren, analyst at Pangea Property Partners.



*»I think we'll see more Swedish investors in other parts of the world in the time to come.«*

**INVESTMENTS ABROAD.** According to a recent survey by Pangea Property Partners, Swedish institutions have become bolder and have started to look more at foreign investments than previously. At present, the USA is regarded as being the most attractive market.

## Outside national borders

■ Swedish institutions have become bolder in terms of investments in property markets outside Sweden. This is apparent in a study property advisor Pangea Property Partners published recently. **Text:** Eddie Ekberg

**ACCORDING TO THE SURVEY,** institutional investors primarily want to grow in their home markets, however, interest in international property investments has increased. At present, the USA is regarded as being the most attractive market, but there is also interest in property investments in Europe and Asia.

– Swedish investors have mixed experience from doing business abroad where they are competing with investors who know

their home markets better. However, the institutions now have an abundance of capital, and they have established some new investment structures, so I believe that we will gradually get to see more Swedish investors in other parts of the world in the time to come, says Mikael Söderlundh, Head of Research at Pangea Property Partners.

**IN ITS ANNUAL SURVEY,** Pangea has spoken to over 150 institutional investors, the largest in the Nordic countries, about their views on various capital investments and planned investment strategies in the property field during the next twelve months. Altogether these institutions plan to acquire properties for about SEK 40 billion and in this case the Nordic property market is relatively small.

Another reason that Swedish institutions have started to look

abroad is that they think Sweden has become expensive.

– They feel that there are limited opportunities at home. This together with the fact that the Swedish krona is very strong just now means that it is becoming increasingly attractive to invest abroad, says Jenny Nygren, analyst at Pangea.

**ANOTHER FINDING THAT IS** apparent in the study is that about 60 per cent of the institutional investors currently see shares as being the most attractive asset class, compared to just 16 per cent last year.

– We see a clear trend shift with an increased risk appetite and focus on investments that provide positive leverage if the economy improves, says Mikael Söderlundh.

And the interest in office properties has risen again.

– Previously, the typical low-risk sectors such as housing and community properties were the most attractive, but now office properties are at the top of the investment list. This suggests that greater exposure to the rental market is being sought after and there is a belief in future economic development, says Mikael Söderlundh. ■

# ALWAYS UP TO DATE

Sweden's leading marketplace  
for vacant office space.



**lokalnytt.se**





**NEW DISTRICT.** A group of Swedish investors are behind the almost one million square metre Gatchina Gardens urban development project just outside of St. Petersburg.

# Swedish multi-billion project in Russia near construction start

■ A group of Swedish investors are behind a massive urban development project in St. Petersburg. Additional investors are now invited into the project through a shares issue.

**Text:** Eddie Ekberg // **Picture:** Castor X Capital

**FACTS GATCHINA GARDENS:**

- Construction start in the first quarter of 2015.
- At least 800,000 square metres during ten years of construction.
- Building permits finalised during the last quarter of 2014.
- Due Diligence completed in March 2014.
- Architecture Proposal completed in the summer of 2014.
- The entire Local Plan finalised in the summer of 2014.

**RIGHT NOW, CASTOR X CAPITAL**, the Swedish company behind the Gatchina Gardens urban development project, are inviting additional investors.

Gatchina Gardens is a nearly one million square metres urban development project just outside of St. Petersburg. The new district will include housing, schools, shopping centres, offices, restaurants, hotels, a golf course and much more. Gatchina Gardens is located near the newly built airport and about half an hour from the centre of Saint Petersburg.

**AT PRESENT, THE GENERAL** layout plan is ready, local planning approval will come into force this summer and the building permit

»I’ve been working on this for eight years now.«

is scheduled for finalisation in early autumn. In addition, all the infrastructure agreements regarding electricity, water and sewage have been finalised and the project has been designated “a strategically important project in the region” by the federal authorities in Moscow. Construction is scheduled to begin in the first quarter of 2015. In addition, a high-tech centre, like Silicon Valley, is to be built in the area. Furthermore, a particle accelerator, similar to CERN in Switzerland is planned, and the plans are to move the administration of the county of Leningrad Oblast from St. Petersburg to the city of Gatchina. All this of course speaks in favour of the success of the project. ➤



Hans-Ake Uggle, CEO of Castor X Capital, the company that is running the Gatchina Gardens project.



## Rikshem’s vision is a long-term owner of rental housing and community properties

Rikshem is one of the largest privately owned real estate companies in Sweden.

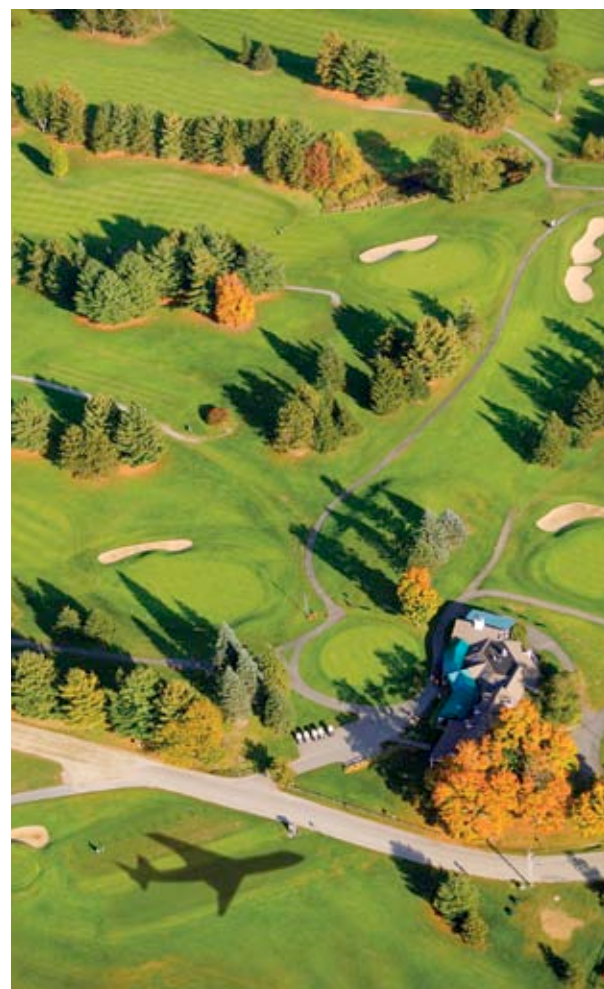
Rikshem owns, manages and develops rental housing as well as community properties within above all elderly care in several municipalities in Sweden.

Rikshem’s ambition is to be a national “public” company by combining professionalism and social responsibility and on a long-term basis to cooperate with the municipalities regarding rental housing and community properties.

Rikshem stands for reliability, development and sustainability. Rikshem is owned by the Swedish Fourth National Pension Fund and the pension company AMF.







*»Right now it feels great to be able to say that everything indicates that it is going to be a success.«*


➤ **HANS-ÅKE UGGLA** IS CEO of Castor X Capital. He has worked on the realisation of this vision since 2006.

– I've been working on this for eight years now and there have been both peaks and troughs with a financial crisis and other issues to negotiate but we have managed to see the project through. Right now it feels great to be able to say that everything indicates that it is going to be a success, says Hans-Åke Uggla.

Recently, Magnus Isacson was brought on board and he will be responsible for the Local Plan and building permits, and he will be

in charge of the office in St. Petersburg. He has extensive experience of large projects in Europe, including that of role of CEO of Ikea Development in Poland and as CEO of a major property project in Poland for Norwegian Realkapital.

**THE CURRENT SHARE ISSUE** of SEK 40 million means that private investors are now being invited to take part in the project.

The goal after the start of construction in 2015 is to build 100.000 square metres per year. 

## We have branches throughout Sweden and the Baltic States

When you consult us you will always have the best business law expertise at hand. We have around 250 employees in 18 offices throughout Sweden and the Baltic States, all committing themselves to your case. Wherever you are.

[www.glimstedt.se](http://www.glimstedt.se)

ADVOKATFIRMAN  
**GLIMSTEDT**





**LIKES TO PLAY GOLF**

**Namn:** Jeanette Saveros.

**Ålder:** 40 years.

**Familj:** Husband and three children.

**Bor:** Stocksund in Stockholm.

**Yrke:** CEO at Hifab.

**Fritidsintresse:** Golf, boating, friends and family.

**CHALLENGE.** The present owners of retail centres face a major challenge when it comes to implementing new technology and online commerce. This is according to Hifab's CEO Jeanette Saveros.

# Virtual business solutions

**W**ith the combined expertise within commerce, construction and the Web, we know that commercial outlets are now facing a challenge. Today's consumer uses more channels than ever before and the physical location is becoming increasingly subject to tough competition. This places greater and greater demands on service and experiences. On account of constantly changing purchasing behaviour and unceasing digitisation, there are large benefits to be reaped by property owners who follow these trends. In a world in which the line between digital and physical stores has been erased, it is all about taking the initiative to build up optimal conditions for virtual solutions that can be expanded to physical venues.

**TRADE ONLINE HAS INCREASED** dramatically in recent years and there are no signs to suggest that it will slow down, quite the contrary. Those who choose to see this as an opportunity rather than a threat have much to gain. There is huge potential in bringing online business into the physical property. The discussion has long been about how property owners can succeed online, but less about the Web's potential in the physical environment. To be successful in this, we need to act today. What are the opportunities available for virtual solutions in your specific property? Which brand do you want to strengthen? How long-term am I as a property owner? What will increase the net operating income? What will increase the value of my property?

**WHEN TALKING ABOUT** virtual solutions, shopping malls are a natural place to develop, however there are many other types of properties and spaces in which we can create new meeting places and new business. Just think of all the passageways that are not currently utilised, passageways that need to be perceived as safer, office entrances that could provide new experiences and oppor-

» Those who choose to see this as an opportunity rather than a threat have much to gain.«

tunities for trade and transactions. How do we get people to stop and reflect and take on board new experiences? What is it that makes us as a consumer increase our transactions? The possibilities are infinite and it is perhaps just that which makes it difficult to make a decision.

The industry has been talking about this for several years but has not been able to move from words to action. The technology and products are available in the market, as is the will among the property owners, so why is nothing happening? Lack of knowledge about the technology and an understanding of what to purchase is one reason why we have not made more progress. The question is interdisciplinary and complex and needs to be addressed accordingly.

**ANOTHER REASON WHY** this is not incorporated in construction projects is that the ideas emerge too late and there is consequently not enough time to include the necessary infrastructure to enable the realisation of the idea. Property owners must therefore develop a strategic plan and programme. The strategic plan must be a prerequisite before the planning of a construction project begins.

One solution to moving from words to action is to involve virtual project management.

I look forward to being involved in leading the construction of the future! ■



■ How little can a property owner charge in rent?

The Swedish Tax Agency considered that the Robert Dickson Foundation in Gothenburg did not charge their housing tenants market rents – however the Administrative Court approved of the foundation’s approach and Dickson’s can retain their low rents.

– A fundamentally important decision for Swedish foundations, says Mikael Jansson, CEO of the Robert Dickson Foundation. **Text & picture:** Nicklas Tollesson

# The landlord who does not want to charge high rents

**ABOUT 150 YEARS AGO** the Robert Dickson Foundation was established and its purpose since then has been to provide housing for disadvantages workers.

In today’s society, the Foundation has translated the statutes from the 1860s to require that new tenants cannot have a monthly income that exceeds approximately SEK 30 000 gross, combined with the fact that the household cannot have total assets in excess of SEK 350 000.

– To reflect the spirit of the statutes, we have looked into the rental records from the 1860s to find out what kind of people lived at the foundation. And there were police officers, seamen, health workers, teachers and so on, in other words all classes of people. We then looked at LO’s (The Swedish Trade Union Confederation) present wage statistics and set the limit at the average income – one must not earn more than this average, says Mikael Jansson, who has led the operations of the Foundation since 2011.

– But the vast majority of our tenants earn well below a monthly salary of SEK 30 000.

**THE FOUNDATION’S AMBITION** is that the operations generate a return of approximately five per cent. The entire surplus goes to investments in existing properties and new construction projects. Today, the Foundation owns 870 apartments in central Gothenburg. At present the Foundation is building 53 new apartments and a total of 300 new apartments are planned within a period of five to seven years.

*»One might think that the Swedish Tax Agency should devote its time to more important matters. Our mission is to provide apartments for tenants with low incomes.«*

In 2010, the average rent for Dickson’s apartments was about SEK 850 per square metre and year, which means SEK 5 312 a month for a three room and kitchen of 75 square metres.

The Swedish Tax Agency judged that the rents were unreasonably low, and therefore decided in November 2011 to levy a withdrawal tax penalty of SEK 5.9 million on the Foundation – which had reported a surplus of just under SEK 3.0 million for 2011 – and thus revised the surplus to SEK 8.9 million.

Based on the properties’ assessed values and the average utility value rent within the market area, The Swedish Tax Agency found that the market rents in Dickson’s holdings should amount to slightly more than SEK 1 050 per square metre and thus levied a ➤



**LOW RENTS.** The Robert Dickson Foundation, with Mikael Jansson as CEO, will retain its low rents following a decision of the Administrative Court.



➤ withdrawal tax penalty on the foundation for the difference.

The Foundation appealed, maintaining that the rents were market oriented, since they had been negotiated together with the Swedish Union of Tenants in accordance with the utility value method.

**EARLIER THIS YEAR**, the Administrative Court in Gothenburg judged in the Foundation's favour – the Swedish Tax Agency had failed to prove that the rents were not market oriented.

– One might think that the Swedish Tax Agency should devote its time to more important matters. Our mission is to provide apartments for tenants with low incomes. We have no shareholders who receive dividends, instead the entire surplus goes straight back into our operations.

– It is absolutely absurd that the Swedish Tax Agency exerts its energy trying to force us to raise the rents for our tenants, says Mikael Jansson.

➤ **You mean that your rents are market oriented?**

– They are reasonable. And they are negotiated together with


the Swedish Union of Tenants according to the negotiation principles. The outcome shows that the utility value method applies and that our business idea is relevant, even though it is from the 1800's.

➤ **How are the negotiations with the Swedish Union of Tenants carried out?**

– We participate in general discussions. We need to raise money so we can fund the operations, the maintenance and new constructions.

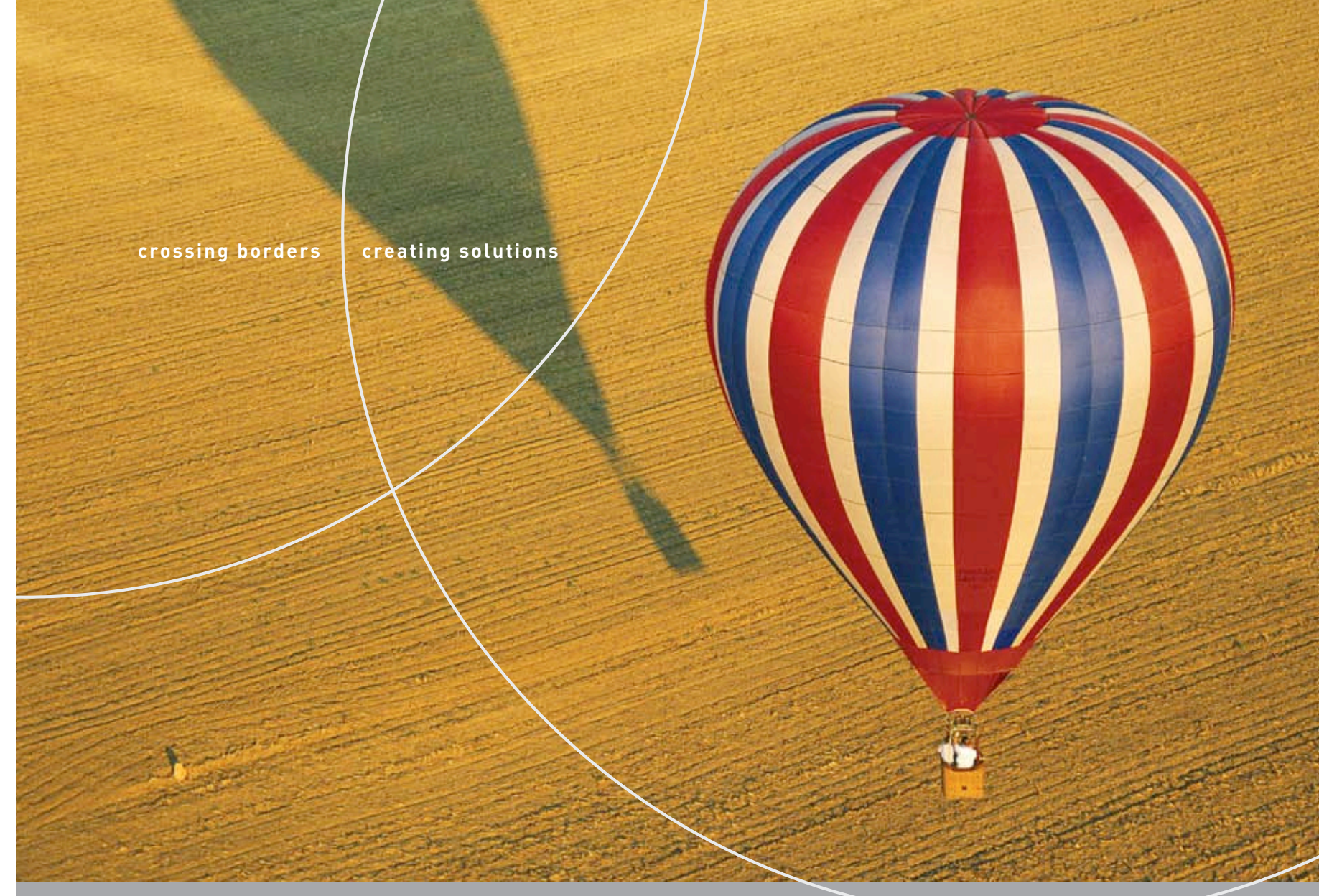
Mikael Jansson maintains that foundations such as Robert Dickson's play an important role in Swedish society.

– We are a counterpoint to other property owners, who often want to charge as high rents as possible. Now that public housing is also to be operated on a commercial basis, it is important that there are players providing apartments with reasonable rents.

– The decision in the Administrative Court will mean a lot for foundations around Sweden. I know that the Swedish Tax Agency has previously levied withdrawal tax penalties on other foundations in a similar way, and they have opted to pay instead of doing battle. 



**TODAY AND THE 1800'S.** Mikael Jansson is still running the foundation in the spirit of Robert Dickson.



In a world of growing complexity, you need a different perspective to see things clearly.

- Company formation and management
- Support in structuring investments
- Company and fund administration for real estate structures

For further information please contact:

**Charlotte Lahaije-Hultman**

Executive Director, Nordic Team

Email [charlotte.hultman@vistra.com](mailto:charlotte.hultman@vistra.com)

Tel +352 42 22 29 335

Mobile +352 62 18 89 676

**Alan Botfield**

Director, International Clients Team

Email [alan.botfield@vistra.com](mailto:alan.botfield@vistra.com)

Tel +352 42 22 29 207

Mobile +352 62 13 18 439

  
www.vistra.com

Belgium / British Virgin Islands / China / Curaçao / Cyprus / Germany / Hong Kong / Ireland / Jersey / Luxembourg / Malta  
Mauritius / Netherlands / New Zealand / Singapore / Spain / Switzerland / Taiwan / United Arab Emirates / United Kingdom / United States





# Book your ad for Expo Real 2014 – now

Call Rolf Andersson:  
+46 31 604 355

Number 3 2014 is distributed in Sweden in September.  
The magazine will also be available at the Expo Real fair.