



PORTRAIT

Ilija Batljan on a new path

SWEDEN TODAY

Agneta Jacobsson on Sweden
as a safe haven

OUTSIDERS

Technopolis enters the Swedish
market from abroad



Extra
magazine
inside!

THE LEADING PROPERTY MAGAZINE IN THE NORDIC REGION

Posttidsning B

Avs. Fastighetssverige

Vencom Developing Bromma Blocks

RETAIL DEVELOPMENT – INNOVATION, CREATIVITY AND PASSION.

The fast development and new level of maturity and consumer acceptance of e-commerce is putting the retail industry into a completely new context and environment. As a retail property developer and property owner Vencom is adapting to the new environment with speed and commitment.

Vencom has been active in the Scandinavian property market for twenty years. Retail property development and property asset management in the retail sector has been a main focus area during the last ten years.

“It is a challenge, but also extremely rewarding, to be active in a retail market which is undergoing fast development”, says Johan A. Gustavsson, Chairman and founder of Vencom. “We are passionate about retail and find the environment challenging but also very stimulating”.

Vencom is now developing the commercial centre Bromma Blocks, situated in the Northwestern part of the Greater Stockholm area. The work was initiated approximately three years ago and a building permit was granted during 2016. The fundamental of the project is a strong demographic development in this part of Stockholm, which creates further potential in the catchment area as regards growth during the next decades.

Bromma Blocks today consists of approximately 60 thousand sqm of retail divided in a shopping mall and a volume retail area. The buildings are former hangars, as the location once was part of an airport. The airport still exists adjacent, and primarily focuses on domestic flights within Sweden. During the next decades Vencom foresees a transformation of the airport into a residential area.

The focus of the new development is to enlarge the shopping mall and connect it to a new tram station which is being constructed and will open late 2019.

Vencom’s vision is to create a Bromma Blocks, which tends to the consumers demand, not just for shopping, but for the fulfilment of their daily needs and desires. Bromma Blocks will surprise the visitor, but will also stand for a clear and consistent offering of shopping, services and entertainment.

vencom.se



VENCOM FACTS

Vencom Property Partners acts as a developer, investor and asset manager within the real estate market in the Nordic countries. Investments have so far primarily been made in the retail property market in partnership with international real estate investors. Furthermore, Vencom has extensive knowledge and experience from the retail industry, which has been valuable in retail related investments and projects.

Bromma Blocks is a retail area located in the Northwestern part of the Greater Stockholm area, consisting of approximately 80 stores, with a total area of approximately 60 thousand sqm. The new building permit for an extension by approximately 23 thousand sqm, which was granted during 2016, will make the offering to the visitor both deeper and wider. At the same time the retail location will be strengthened by a significant improvement in public transport.



“It is a challenge, but also extremely rewarding, to be active in a retail market which is undergoing fast development”.

JOHAN A. GUSTAVSSON,
Chairman and founder of Vencom

A sizzling hot property market in Sweden

SOON IT’S TIME FOR the event that many people in the property industry consider to be the highlight of the year – Mipim. This is where you establish new connections and initiate future business. For us who live in the Nordic region, and who have just survived yet another dark and cold winter, Mipim also gives us a lovely glimpse of the forthcoming spring and summer.

LOOKING OUT OVER THE WORLD, you see some extremely interesting trends in the property market. There are indicators saying that the global pension capital, over

» We believe and hope that this year’s Mipim will open up fantastic business opportunities.«

the next few years, will increase its allocation towards real estate from today’s 8–9 percent to nearly 15 percent. That means an incredibly large amount of money to be invested in real estate! We see a similar trend in Sweden; here too, an increasing amount of institutional capital is to be allocated towards property. And in Sweden we have just left a record year behind us. Last year the transaction volume reached over SEK 200 billion – that’s all time high!

SO, WE SAY congratulations! It looks like the happy days will last for yet some time for everybody who have their domicile in the real estate industry.

WITH THESE GOOD PROSPECTS, we look very much forward to meet the international property industry at Mipim – we believe and hope that this year’s Mipim will open up fantastic business opportunities and initiated property discussions, just like previous years.

DON’T MISS OUR international newsletter (and website) with news from the Nordic property world. Should you not yet have your own free subscription, please sign up for it at nordicpropertynews.com/newsletter and we will keep you up to speed on what’s going on in the Nordic property market.



Editor-in-chief // Eddie Ekberg

SEE YOU ALL IN CANNES!

1 2017 // Year 13

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
Anthon Näsström,
anthon@fastighetssverige.se
Axel Ohlsson,
axel@fastighetssverige.se
Maria Olsson Åarlaht,
maria@fastighetssverige.se
Nicklas Tollesson,
nicklas@fastighetssverige.se

LAYOUT AND PRODUCTION

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

GUEST AUTHORS

Tor Borg and Åsa Henninge

TRANSLATION

Witalis Real Estate Consulting AB

ADMINISTRATION

info@fastighetssverige.se

ADVERTISING SALES

Rolf Andersson, rolf@fastighetssverige.se

PRINTING

Billes Tryckeri AB

DISTRIBUTION

Posten and CityMail

COVER

David Schmidt/Pixprovider



On the cover // Ilja Batljan
Read the interview on page 22.

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.



Katarina Wählin Alm, Managing Director
NCC Property Development Sweden.

Holistic approach to sustainable urban development

More and more people and companies are moving to the metropolitan regions. Urbanization is helping to create growth and development, but it also entails challenges. A holistic approach is required in order for future cities to be sustainable for people, the environment and in economic terms. Where are people going to live, work, shop and recreate?

“We need more housing, but we also have to work on the bigger picture. NCC wishes to develop and promote inclusive urban districts with blocks and places that are safe and vibrant day and night – places that encourage meetings, innovation and growth,” says Katarina Wählin Alm, Managing Director NCC Property Development Sweden.

What is sustainable property development?
For NCC, sustainable property development means that planning and construction takes a long-term perspective, makes efficient use of materials and resources and promotes people’s wellbeing. This reduces the negative impact on nature and human health and preserves ecosystems.

“It is equally important to take account of the local citizens’ needs and wishes, giving priority to diversity, safety and wellbeing.”

To achieve economic sustainability, society must be adapted to what the environment and people’s health can endure, with a long-term investment horizon.

Integrated mixed-use development north of Stockholm
Järva Krog, north of Stockholm, is one example where this is becoming a reality.

“I would describe what we’re creating in Ulriksdal, together with the municipality, as an integrated mixed-use development. Järva Krog

will be a sustainable and innovative district with an urban life style.”

The area is made up of mixed-use blocks with housing, offices and services, and the whole district will be cyclist friendly.

“Adopting a holistic perspective on the development of cities creates the conditions for sustainable urbanization. Together with municipalities and other stakeholders in society, we are helping to create attractive and inclusive cities for the future.”

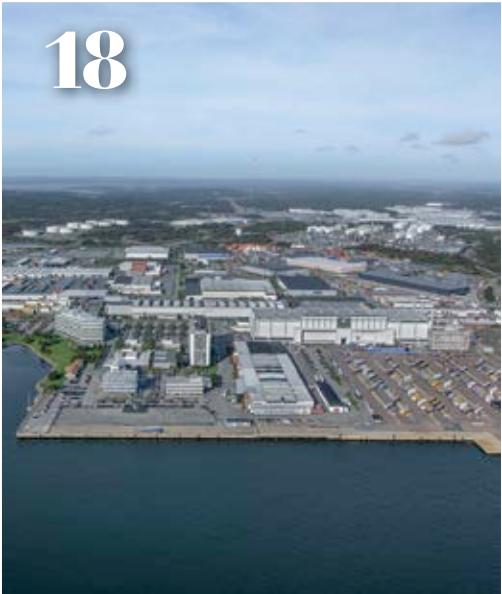
“Adopting a holistic perspective on the development of cities creates possibilities for sustainable urbanization.”



Contents // 1 2017



22 SBB's Ilija Battljan on a new path.



18

News

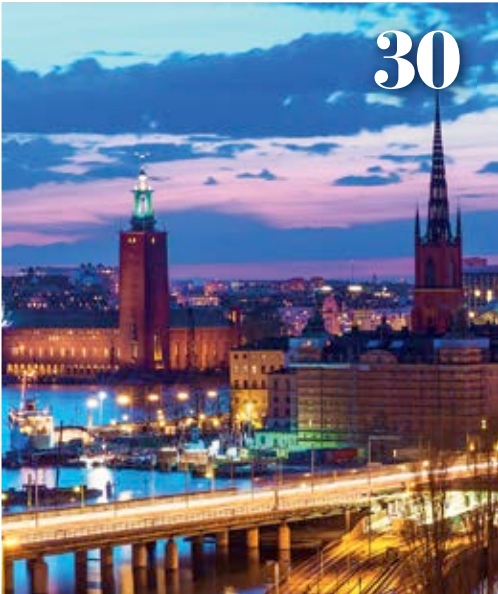
The latest news from the Nordic real estate market.



32

Real Estate Analysis

NAI Svefa's Åsa Henninge on what possibly could upset the Swedish market.



30

Transactions

The largest transactions in Sweden during 2016.



40 Unique flowanalysis system takes Bumble Labs international.



10 **Sweden today**
Cushman & Wakefield's Agneta Jacobsson on the possibility of Sweden as a safe harbor in turbulent times.

■ After decades of liberalisation and globalisation, these trends are now possibly reversing. And if so, what will the consequences be, asks SBAB's chief economist Tor Borg?

What if now is the end of a thirty years' tailwind ...

Last year's two biggest surprises were the results of the British EU referendum and the US presidential election. Possibly Bob Dylan's Nobel Prize could compete. But the Nobel Prize has probably not the same ability to influence the economic and political outcome around the world for a long time, as have the two election results.

Many analysts believe that we are only at the beginning of a process where the losers of the last 30 years of liberalisation and the globalisation, are now protesting louder and become increasingly more palable in their attempts to reverse the trend.

THIS ERA, THAT MIGHT now have reached its end, started with the Reagan administration's tax cuts and deregulation in the early 1980's. These measures were followed by the dismantling of trade barriers within and between countries. Competitive pressure increased further when technological developments enabled a greater internationalisation of both goods and services. The collapse of the Soviet Union and the disintegration of the Eastern bloc in the early 1990's contributed to this positive development. The digitisation trend has also helped to strengthen these political and economic trends. Not least, has it contributed to solving the problem with high inflation, which was very prevalent in the 1970's and 80's. In recent years, however, the problem has rather been a lack of inflation.

ALL THESE CONCURRENT TRENDS have resulted in several poor countries, led by China, being able to raise their economic

standards significantly. In addition, innovative and export-oriented corporates in the Western countries have been able to develop strongly.

THE LOSERS, HOWEVER, are found in those sectors in Europe and America that struggle to compete with newcomers from other regions or fail to keep up with technology. Often the American automobile worker may symbolise the underdog, but losers can be found in many sectors and in many countries. Although they have not necessarily been worse off in absolute terms since the 1980's, they have dropped in the rankings relative to others. These are the people that are now turning against the political establishment and the continued liberalisation and globalisation. Maybe they are a sufficient number of people and enough politically active to permanently change the direction of politics.

AND IF THAT'S THE CASE, what can we expect for the future? The first phase would be an increase in trade barriers, trade tariffs and other measures that would slow economic growth, primarily in small countries that are dependent on foreign trade, such as Sweden. In addition, inflation would pick up as the global competition diminish. Rising inflation would most likely push forward a rise in interest rates that already seems to be underway. Increased protectionism is also likely to result in additional conflicts, both economic, political and ultimately military. Should things turn even worse, we may see a return to the 1960's and 1970's when there were more dictatorships than democracies in the world.



PICTURE: SBAB

TOR BORG

Age: 48.

Family: Partner and four children.

Lives: Hammarby Sjöstad, Stockholm.

Title: Chief economist, SBAB.

At SBAB since: 2007, chief economist since 2012.

Previous employers: Swedbank Robur, Folk-sam and Riksbanken.

Hobbies: Swimming and cycling.

SBAB

SBAB Bank is owned by the Swedish state and has approximately 500 employees. SBAB started operating in 1985, financing government mortgages that were previously financed through the government budget. Today SBAB is an independent profit-driven bank with 350,000 customers. SBAB's business idea is to apply innovation and consideration to offer loans and savings products to private individuals, tenant-owner associations and property companies in Sweden.

FOR SWEDEN, A SMALL COUNTRY that is dependent on trade and other exchanges with the outside world, this development is not particularly desirable. Since we have been successful in adapting, converting, educating us and developing new technologies, Sweden has benefited greatly from globalisation. Going forward, we may have to prepare ourselves for a new situation

where our old export business cannot maintain their sales volumes and where new innovation companies do not get access to large markets abroad. No good growth prospects, in other words. And at the same time inflation and interest rates should rise. That doesn't sound too good given the vulnerable position we are in, with historically high levels of household debt. ■

Sweden can be a safe harbor in troubled times

■ A major year for the Swedish real estate industry – but a turbulent year for the world. Going into to an uncertain 2017 Sweden and the Nordic countries might become a safe haven for investors, according to Agneta Jacobsson, Head of Sweden and the Nordics at Cushman & Wakefield.

By: Axel Ohlsson **Picture:** Torbjörn Persson

2016 WAS A MASSIVE YEAR for the Swedish real estate industry. Castellum's acquisition of Norrporten started off a year that ended with a new transaction record. In all the Swedish market is booming.

"The Swedish real estate market is in great shape. We have a well-functioning market with good transparency and a large number of both domestic and foreign players. The low interest rate has made the real estate very popular. Real estate gives a return that hasn't been reachable in other fields with investments on the same risk level. That's the reason why the revenue finished at SEK 207 billion (EUR 22 billion) in 2016, 30 percent above the previous record set in 2014. Even excluding Castellum's purchase of Norrporten, the transaction value was at a record high," says Agneta Jacobsson.

"Important to the market is that the tenants are doing well, which has been the case in Sweden. This has pushed the rents up to historically high levels, but at the same time the companies have rationalized and the need for office space is lower per employee. With this taken into consideration, the rates are lower for the tenants today than it was in the early 2000's. This indicates that one could expect further rent increase. For the future, the interest rate is obviously important. The current state of low interest is an experiment and nobody knows for sure how that's going to develop."

"What's probable is that the inflation is pushed up while the interest rate is rising and since the real interest rate is what's critical, most likely there won't be much effect on the real estate market over the next two years. Companies still get their loans ➤

RECORD BREAKING. Sweden heads into 2017 from a 2016 that saw record-level transaction volumes.



Official name: The Kingdom of Sweden.

Political system: Constitutional Monarchy, with parliamentary government.

Head of State: King Carl XVI Gustaf.

Language: Swedish.

Population: 10 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

LIKES OUTDOOR LIFE

Name: Agneta Jacobsson.

Lives: Stockholm.

Family: Married, three sons.

Title: Head of Sweden and the Nordics at Cushman & Wakefield.

Previous employers: KTH, Scandiaconsult, Sparbanken, DTZ.

Interest: Outdoor life, hunting, travel and friends.



SAFE HARBOR. With the turbulence in the world, Sweden and the Nordics can be viewed as a safe harbor for investors.

➤ to lower fixed interest rates than before. The LTV is down. It has gone down even more in the rest of Europe compared to Sweden, but it's still a much less leveraged sector now than during previous real estate booms."

"Denotative for the real estate market is that it's traditional while it probably has been heavily affected by digitalization and modern technology. The development moves fast in for instance the construction sector where it's possible that we'll see companies like Microsoft and Google compete with the construction companies in a few years. The properties are rapidly becoming a part of the business development for the tenants. Traditional office spaces and long leases might not be a part of the future as companies rationalize and have a rely on shorter planning. This is already clear in other segments like logistics where the e-commerce has a hard time finding leases that fits a both growing and interchanging need for space."

➤ **Coming from such a strong transaction year, how will that affect the development?**

"The high activity and the high prices on the market have made some property owners consider selling but haven't yet. This will drive up turnover furthermore and we've seen in the beginning of 2017 that the activity has been higher than it was in the beginning of 2016. We believe there will be a good turnover in 2017 but which drops to normal levels after that."

On a generally very strong Swedish market, residential properties have been a focal point as have CBD office buildings.

"Both the residential market as well as office spaces in cen-

»In these turbulent times Sweden and the Nordics will also be affected but could be considered a safer alternative and more stable than the euro zone by many investors.«

tral locations have been very hot as of late. In these markets the demand seems infinite and the supply of central offices is limited. The supply of residential properties will most likely increase, partly due to construction and partly due to several municipalities needing to sell. Another sector that's seen a strong development is social properties, however the supply is slow due to the investors' long investment horizons which holds the revenue back. Lately the interest for development rights has risen, both land and redevelopment of old office buildings into residentials."

LIKE THE SWEDISH MARKET, Cushman & Wakefield had a very strong 2016. The first full year after the company's merge.

"Cushman & Wakefield has had a very good year both internatio-

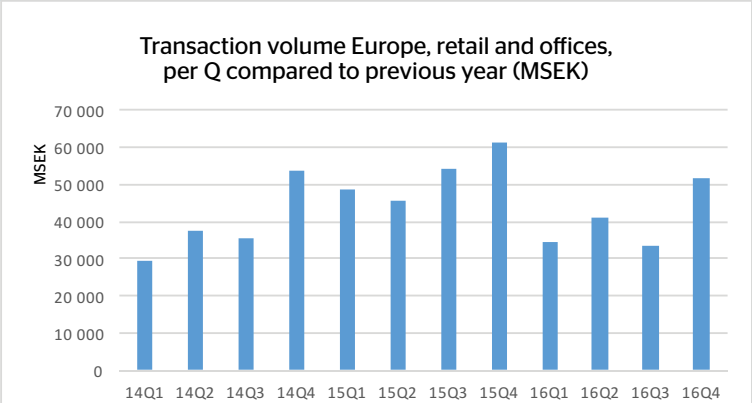
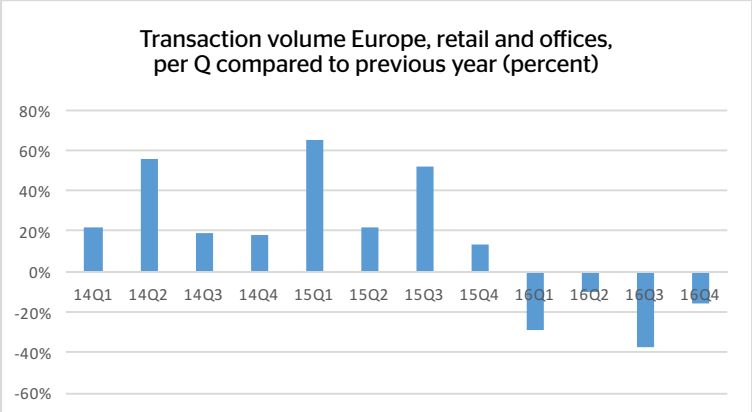
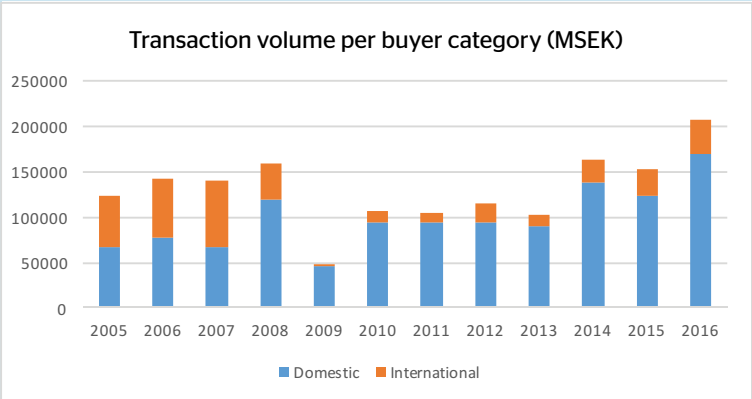
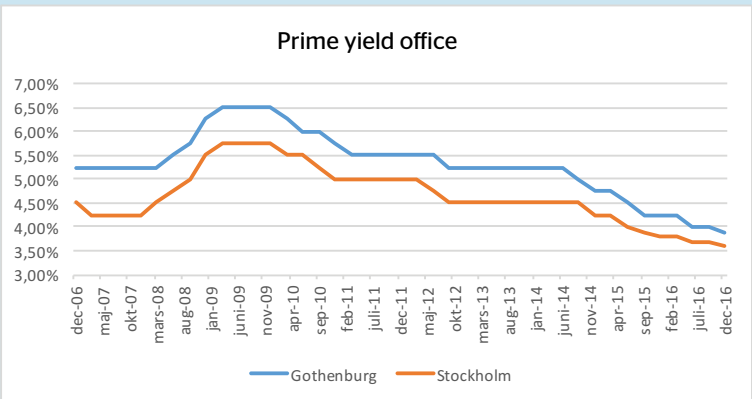
nally and in Sweden. The merger is complete and now we are a well-oiled machine and ready to grow. During our first year as Cushman & Wakefield we've opened an office in Malmö and started a leasing division as well as a retail service division. We've streamlined existing business areas and for the twelfth consecutive year got elected best valuation company by Euromoney, second best advisory company overall and finished second in Datscha's rank of transaction advisors. Internally we chose to outsource our finance department and implemented internal systems like CRM that makes it possible for us to work even closer with our global network. In the Nordic region we elected our future partnering companies and started collaborating with them to become an integrated Nordic company – while keeping a tight budget," says Agneta Jacobsson and adds:

"Looking back on that list I can barely understand how we had time to do everything. But we did and we had a lot of fun doing it."

"For the future we have plans on expansions. But our main focus is to be a company that shows that we believe in our employees and our talents – without them we won't be able to attract clients."

WHILE THINGS ARE looking up for Cushman & Wakefield a few clouds are visible on the horizon for the real estate industry.

"It's clear that the industry earlier moved a lot between booms and recessions. Looking back on history we know that decline usually follows a long stretch of increase. However, we don't think that it's time for decline yet because factors such as growth, interest rate and the access of capital still are positive for real estate investments. We believe the investment climate will stay strong ➤



Source: Cushman & Wakefield

NEW REALITY. The real estate market faces challenges when it needs to adapt to digitalization and new technology.

› in 2017, even though the turnover will decrease from 2016. The big question mark is what happens in the world.”

WHAT HAPPENS IN the world is largely connected to world politics. Politics that since 2016 are in disarray in the western world.

“The political risk is definitely something to keep an eye on. It’s impending and something that people in the real estate business have very little chance of affecting. It’s obvious that several trade barriers will come, those might have a negative effect on Sweden.”

“The refugee situation will continue which will create anxiety. And the elections in France and Germany will be major events, those might impact the future of the European Union.”


“Something else to be aware of are changes in the taxation system. That will affect the real estate business as well as consultants.”

› **What role does Brexit and the presidential election of Donald Trump play?**

“Trump and Brexit show that something new is happening. Very few in our business actually thought that this would happen. It creates new conditions for collaborations, companies and trading. So far the effects on the real estate markets has been limited. The transaction volumes have dipped because of Brexit but they are recovering. But in general the real estate market is still functioning and the prices have in general been either stabile or rising.”

IN TROUBLED TIMES in the world Sweden and it’s Nordic neighbours might be a safe haven for investors.

“At the moment it looks like anything can happen in the world and this will obviously have an impact on the real estate market. In these turbulent times Sweden and the Nordics will also be affected but could be considered a safer alternative and more stable than the euro zone by many investors.”

“We have a well-functioning and growing economy with a transparent market and several good advisors, so there are lots of opportunities for success for foreign investors. However the competition from the Swedish players is fierce so it’s necessary to study the details to really figure out what’s possible to add to a property and why you should be willing to pay a little extra to buy.” 



RESULTS that matter



Blekholmen 1, Stockholm, Sweden

Niam is the leading real estate fund manager in Northern Europe

OUR PURPOSE is to deliver assets that are attractive to our tenants, future buyers and local communities

Blekholmen 1 was modernized through:

- a complete refurbishment of the main entrance and the common areas
- upgraded ventilation, cooling and lighting systems
- installation of a digital information structure for the convenience of tenants and visitors
- a green certification according to BREEAM In-Use

Read more about how we work on www.niam.com

NIAM

■ Anchored by the second largest deal in the history of Swedish real estate where they bought Norrporten, Castellum makes the top of the list of the largest net purchasers in Sweden during 2016. The list was produced by Newsec. *By:* Axel Ohlsson

Here are the largest net purchasers

Top 10 // Net purchasers

EUR 1 = SEK 9.47 - SEK 1 = EUR 0.11 (2017-02-07)

1 Castellum
MD: Henrik Saxborn.
Volume: SEK 15.5 billion (EUR 1.64 billion).
Castellum's acquisition of Norrporten was the second largest real estate deal ever completed in Sweden. The purchase price was SEK 26 billion (EUR 2.75M), of which SEK 22 billion (EUR 2.32 billion) related to properties in Sweden. Norrporten then owned properties across Sweden and in Copenhagen. After the deal, Castellum sold off some properties from the portfolio and left Luleå, Umeå and Östersund.

**2 Samhälls-
byggnadsbolaget**
MD: Ilija Batljan.
Volume: SEK 11.0 billion (EUR 1.16 billion).
Newly formed Samhällsbyggnadsbolaget (SBB) quickly entered the transaction market, and during its first year the company acquired properties worth approximately SEK 11 billion (EUR 1.16 billion) (net volume) across Sweden. In addition to Sweden, SBB also acquired one property in Norway. One of the larger deals made by SBB last year was the acquisition of Högkullen Omsorgsfastigheter worth SEK 1.8 billion (EUR 190M). In addition they bought a portfolio of 35 property from Hemsö, for SEK 1.5 billion (EUR 158M), and the company Kuststaden Fastigheter for SEK 1.2 billion (EUR 127M).

3 Willhem
MD: Mikael Granath.
Volume: SEK 8.8 billion (EUR 929M).
Through two major acquisitions from Akelius totalling SEK 7.8 billion (EUR 824M), and purchases from NCC and Bonava, Willhem grabs the third place on this list. The company's biggest acquisition this year was the purchase of a larger portfolio consisting of approximately 4,300 rental apartments in Gothenburg for SEK 5 billion (EUR 528M) from Akelius. Willhem's second acquisition from Akelius was the purchase of 1,763 rental apartments in Halmstad and Eskilstuna at a value of SEK 2.8 billion (EUR 296M).

4. Blackstone
MD: Stephen Schwarzman.
Volume: SEK 5.4 billion (EUR 570M).
Blackstone has been involved in several large transactions during the year. In two steps, the US private equity company acquired approximately 65 percent of the voting rights and 55 percent of the shares in D. Carnegie & Co, a Swedish company with a portfolio worth SEK 15.2 billion (EUR 1.6 billion). Blackstone also sold properties in Linköping and Östersund for SEK 2.9 billion (EUR 306M). In addition to these transactions, Blackstone has also done business in various joint ventures, with Areim among others.

5. Diös
MD: Knut Rost.
Volume: SEK 4.4 billion (EUR 465M).
During the year, Diös bought a share of the Norrporten portfolio through the acquisition of 32 properties from Castellum. The properties are located in Sundsvall, Umeå and Luleå. This deal was 2016's fourth largest transaction. The properties comprise mainly office and retail space and housing.

6. Balder
MD: Erik Selin.
Volume: SEK 4.2 billion (EUR 443M).
Balder acquired all the properties in IA Hedin AB for 4.2 billion (EUR 443M) in September. The properties are located across Sweden, but the lion's share is located in Stockholm and Gothenburg. In addition to this deal, Balder has made larger deals in joint venture with Third AP Fund and the newly formed Rosengård AB.

7. Intea
MD: Henrik Lindekrantz.
Volume: SEK 3.7 billion (EUR 391M).
In three separate deals Intea has acquired properties worth SEK 3.7 billion in Östersund, Linköping and Halmstad. The company, founded in 2015, owns social property, i.e. real estates for activities that are financed through taxes, where some of the tenants are Högskolan i Halmstad, Mittuniversitetet and Domstolsverket (National Courts Administration).

8. Union Investment Real Estate
MD: Dr. Reinhard Kutscher.
Volume: SEK 3.4 billion (EUR 359M).
In 2016 the German company Union Investment acquired

two newly built office properties in Arenastaden outside Stockholm from Fabège. The properties are named Uarda 5 and 7 and they comprise 119 000 square meter of lettable space.

9. Platzter
MD: Per-Gunnar Persson.
Volume: SEK 3.2 billion (EUR 338M).
Through the acquisition of Volvo's property portfolio in the Gothenburg area Platzter enters the ninth place on the list. The Volvo Group occupies currently about 50 percent of the space. Via the acquisition Platzter also enters the logistics segment.

10. Storebrand
MD: Marita Loft.
Volume: SEK 3.2 billion (EUR 338M).
During the year, the Norwegian pension fund Storebrand has acquired properties in five separate deals. The largest transaction was the purchase of Skanska's 17-storey hotel and office building in Hagastaden in Stockholm. Elite Hotels will lease eleven floors in the building and Stockholm Läns Landsting (Stockholm County Council) will take the remaining five floors. The building is still under construction and is due for completion in late 2017.

Value realised.
nrep.com



The most consistently outperforming
PERE manager worldwide¹
+20% IRR without a single year of losses²

NREP is a leading Nordic private equity real estate firm focused on generating superior risk-adjusted returns for institutional investors by working with defensive value-add investment strategies and hands-on active asset management. NREP was established in 2005 and currently has total assets under management of €3.2 billion and employs more than 90 professionals across four offices in Copenhagen, Stockholm, Helsinki and Oslo.



¹Preqin, January 2017 ²Gross return as of 30 June 2016



Here are the **20** most read articles at nordicpropertynews.com since 2016-10-08, the numbers represent the most read-rating. Please visit the site and register for the newsletter, and you will get the latest news about the Nordic property market every Friday – free of charge! **By:** Axel Ohlsson

PICTURE: SKANSKA



Skanska builds energy-positive building i Trondheim.

2 Skanska Builds Energy-Positive Office Building in Trondheim

Skanska has signed a contract with Entra to build the world's northernmost energy-positive office building in Trondheim, Norway. The contract is worth MNOK 370 (EUR 41M) which will be included in the order bookings for Skanska Norway for the first quarter in 2017.

Powerhouse Brattørkaia will be located on one of Trondheim's most attractive sites. Architecture and aesthetic expression is steered by the sun as an energy

source and the mantra "form follows environment". The result is an entirely new architectural expression, which hopefully will arouse and inspire innovation. The building will comprise 15,700 square meters of office space, of which Skanska will lease 2,300 square meters. In addition to this, 2,500 square meters of underground parking will be built.

The building will achieve Breeam NOR Outstanding, the highest rating in environmental certification system.

It will be the first new office building in Norway, which produces more energy than it consumes, and must under the Powerhouse definition produce more clean and renewable energy than needed for construction, production and transportation of building materials, operation over a life cycle of 60 years and finally disposal. Optimal use of sun and sea water for heating and cooling, as well as an extremely low energy consumption, is required to fulfill the requirements. **2017-01-10**



Rutger Arnhult.

10 Klövern Acquires Properties from Castellum for EUR 94M

Klövern acquires 21 properties in Malmö and 7 properties in Lund for MSEK 910 (EUR 94M). Of these in total 28 properties, 9 are site leaseholds. The property portfolio encompasses

in total 114,000 square meters of lettable area, whereof Malmö accounts for 88,000 square meters and Lund 26,000 square meters. The seller is Castellum.

Among the largest tenants are Mio, DHL, The municipality of Malmö, Corsec and Purac. In the acquisition Klövern will also take over the tenant

improvement project for Mio in the property Lund Traktorn 2.

The rental value for 2016 amounts to MSEK 120 (EUR 12M) and the area-based occupancy rate to 75 percent. The average remaining lease contract period is just over three years. **2016-10-19**

6 Volvo Divests Property Portfolio for EUR 279M

The Volvo Group has signed an agreement regarding the sale of properties in the areas of Arendal, Torslanda and Säve in Gothenburg, Sweden. The transaction price amounts to SEK 2.7 billion (EUR 279M) on a debt free basis and the divestment results in a capital gain of SEK 1.4 billion (EUR 145M), which is expected to impact Volvo's operating income by the corresponding amount in the fourth quarter of 2016.

The divestment is part of a long-term plan to gather the majority of Volvo Group office workers in Gothenburg in an area that will be called Campus Lundby. The Volvo Group will rent some of the properties that are sold during a transitional period, pending the completion of Campus Lundby.

The Volvo Group's operating cash flow and financial net debt will be positively affected in the amounts of SEK 2.6 billion (EUR 268M) and SEK 2.3 billion (EUR 237M), respectively, in conjunction with the closing of the transaction, which is expected to be carried out in the fourth quarter of 2016.

The properties are estimated to have an annual rental value of approximately MSEK 300 (EUR 31M). The buyer is Platzer. JLL has been the sellers advisor. **2016-10-21**



Volvo sells 338 000 square meters.

PICTURE: PLATZER

3 Valad and Goldman Sachs Acquire the Omega Portfolio in Finland

Valad Europe, part of Cromwell Property Group, and Goldman Sachs have acquired the Omega portfolio comprising 22 properties in Finland.

Valad will assume responsibility for the on-going asset management of the portfolio. The Omega portfolio comprises 109,000 square meters of space across 13 office buildings, five industrial buildings and four buildings with primarily retail premises.

More than 80 percent of the value of the portfolio is located

in the HMA region, which includes the cities of Helsinki, Espoo and Vantaa. The most prominent building in the portfolio is the Kaisanimenkatu 13 office building, a well-located, modernised historical building located on the fringe of Helsinki CBD, which is home to among others the Nordic Investment Bank (NIB). In aggregate, the buildings in the portfolio are currently let to more than 200 tenants, including Mehiläinen, S-Group, St1, Cisco and LähiTapiola. **2017-01-12**

PICTURES: KUNGSLEDEN



Kungsleden sells to Plusfastigheter.

1 Kungsleden Divests Properties in Gothenburg

Kungsleden continues to concentrate its' property holdings and divests six non-strategic properties in Kungälv and Gothenburg for EUR 8M. The properties Göteborg Backa 29:26, Göteborg Kärra 93:3, Kungälv Kylaren 4, Kungälv Kylaren 9, Kungälv Ventilen 6 and Kungälv Ventilen 7 has a total leasable area of approximately 18,200 square meters. The properties are sold to Plusfastigheter Management and will be vacated during the first quarter of 2017. **2017-01-04**

6 CAPMAN SELLS LANDMARK OFFICE BUILDING IN STOCKHOLM

Capman Nordic Real Estate fund has agreed to sell Bergshamra Bro, a 31,325 square-meter office building in a highly visible location spanning over and alongside the E18 road, in Solna, Northern Stockholm, to Solnaberg Property AB, a company established by Catella. The price is MSEK 858 (EUR 89M).

Capman Nordic Real Estate fund invested in Bergshamra Bro in 2014 and this transaction is the fifth exit of the fund. The focus of the EUR 273M fund is to acquire mainly office, retail and residential properties located in established submarkets of major Nordic cities. The fund was established in 2013. **2016-10-03**

7 STANDARD LIFE BUYS 14 PROPERTIES FOR EUR 65M

Standard Life buys 14 properties in Denmark and Sweden from Odin Holding. The price is MDKK 485 (EUR 65M). The properties have Toys R Us as main tenant.

Ten of the properties are located in Denmark in Rødovre, Næstved, Holbæk, Kolding, Esbjerg, Tilst (Århus), Holstebro, Randers, Aalborg and Hjørring. The other four are situated in Sweden in Huddinge (Stockholm), Västerås, Gothenburg and Malmö.

Catella have been the sellers advisor. **2016-10-14**

8 DIÖS BUYS PORTFOLIO FROM CASTELLUM FOR EUR 460M

Diös has entered into an agreement to acquire a property portfolio from Castellum for SEK 4.5 billion (EUR 475M), considered a valuation of deferred tax liabilities of MSEK 100 (EUR 10.6M). Diös acquires 32 centrally located properties in Umeå, Luleå and Sundsvall with a leasable area of 216,000 square meters. **2016-11-24**

NORDIC NEWS

14 AVANT AND TRISTAN ACQUIRES OFFICE PORTFOLIO

Avant Capital Partners, together with European Property Investors Special Opportunities 4 (Episo 4), the opportunistic fund advised by pan-European real estate investment manager Tristan Capital Partners, has acquired a 124,000 square meter portfolio of 15 offices located mainly in the greater Helsinki area, for EUR 130 million from Varma. **2016-12-29**

16 JEUDAN INVESTS IN COPENHAGEN

Jeudan has reached a deal to purchase three properties in Copenhagen for the transaction price of MDKK 655 (EUR 88M). The properties (Bredgade 40, Bredgade 42 and Bredgade 45) has a collected area of 18,200 square meters, the new owner will take over the properties in early 2017. The seller is Tryg Forsikring. **2016-12-20**

9 M&G REAL ESTATE BUYS FOR EUR 226M IN STOCKHOLM

M&G Real Estate has acquired the leasehold of 34,000 square meters Blekholmen 1, an office scheme in central Stockholm for EUR 226M from Niam. The acquisition was made on behalf of the global real estate fund manager's core European property strategy, managed by David Jackson and Simon Ellis.

The deal marks M&G Real Estate's largest single continental European acquisition, surpassing the EUR 208M acquisition of Market Central Da Vinci in Rome, a joint venture with GWM Group, announced earlier in the year. **2017-01-13**



M&G Real Estate's purchases from Niam.



Merikortteli in Punavuori in Helsinki.

4 CBRE Sells Landmark Office in Helsinki

CBRE Global Investors, on behalf of the CBRE Nordic Property Fund, announces the sale of Merikortteli, an inner city office block, located in Helsinki. The asset has been sold for a value over EUR 100M to Antilooppi. The 27,673 square meters landmark building is located in the south-west part of Helsinki and by the sea in Punavuori. The property, built in 1920, occupies an entire block and has distinctive features

including 3-5 meter ceiling heights on the main office floors and concrete and glass structures. The asset is let to several tenants including Aller Media, Hasan & Partners and Spotify. Andreas Norberg, Head of Transactions and Managing Director, Nordics, CBRE Global Investors commented: "We have owned Merikortteli for nine years, and having successfully reconfigured the building and through active asset

management we have been able to position this asset as the chosen location for creative office occupiers in Helsinki. We believe we have maximised value for our investors within our business plan period. Merikortteli is a building with great character, and as such we are very pleased to have found a buyer like Antilooppi whom we know will continue to manage the asset to its full potential." **2016-12-29**

13 Akelius Buys Skyskraper in Copenhagen

After having made their first Copenhagen purchase in October Akelius continues to invest in the Danish capital by acquiring 476 apartments in the skyscraper Domus Vista. Domus Vista from 1969, with its 29 floors and 102 meters, is the third tallest residential building in Scandinavia. The property, which the company will acquire together with a related share in building rights, is situated in the municipality of Frederiksberg, four kilometers from central Copenhagen. The price is MDKK 640 (EUR 86M). **2016-12-21**



Domus Vista.

11 Olav Thon Acquires Two Major Shopping Centres

Olav Thon has acquired two large shopping centres in Norway and Sweden from Steen & Strøm. The transaction price is EUR 340M. Olav Thon has acquired Åsane Storsenter in Bergen (49,604 square meters) and Torp Köpcentrum in Uddevalla (31,600 square meters). The is Steen & Strøm and the sale is based on a property value of MNOK 1,928 (EUR 211M) for Åsane

Storsenter and MSEK 1,285 (EUR 129M) for Torp Köpcentrum. These disposals are in line with (Steen & Strøm owner) Klépierre's asset rotation strategy for optimizing its portfolio. The transaction also releases additional financial capacity for Steen & Strøm to fund the development projects in its pipeline and potential acquisitions in Scandinavia. **2016-11-10**

15 Petter Stordalen to Open Major New Hotel at Arlanda Airport

Petter Stodalen's Nordic Choice Hotels will be the operator of a major new hotel at Stockholm Arlanda Airport. The hotel is expected to have about 460 rooms and will be a modern alternative to business hotels at the airport that offers everyday luxury. The hotel is an important piece of the puzzle in the construction of the new airport city. The hotel, with 20,000 square metres of space over 14 sto-

reys, will have a combined lobby/lounge, restaurant, bar, winter garden and roof terrace. The total investment is expected to be around MSEK 750 (EUR 77M), and construction start is planned for the summer of 2017, with the hotel opening in 2019. **2016-10-20**



Petter Stordalen.



The area surrounding Hagahuset.

19 Faberge Acquires Hagahuset From AFA Fastigheter

Hagahuset in Solna was acquired with the aim of developing a Live-Work-Play concept building. The purchase price is EUR 18M. Hagahuset currently offers 6,400 square meters of office space plus Restaurang Haga, divided into a low section with five floors and a high section with eleven floors. "Hagahuset is an excellent fit for our urban development in Solna in terms of timing. The building has almost been emptied and we see great potential for creating new values," says Klaus Hansen Vikström, Vice President and Director of Business Development at Faberge. **2016-12-20**

12 Niam Acquires Office Park in Copenhagen

Niam has acquired Copenhagen Business Park, an office complex with a lettable area of 67,000 square meters that currently has around 50 tenants. The property is located south of Copenhagen near the E20 highway, by the Copenhagen Airport and the bridge to Sweden.

"We are very satisfied to have been able to acquire one of the largest and most significant office properties in Denmark. We are looking forward to realizing the potential that we see in the property supported by the proximity to the airport and the city center," says Kristian Krogh, responsible for investments in Denmark at Niam. **2017-01-04**



H&M open a new store in Oslo.

17 HUGE H&M STORE TO OPEN IN OSLO

H&M is set to open a flagship store in Oslo. The shop will be one of the company's largest worldwide. H&M will open a flagship store - that's set to be one of the company's largest worldwide - in five of the six storeys of AVA Eiendom's property on Karl Johans gate 14 in Oslo. **2016-12-08**

20 BY & HAVN DIVESTS 150,000 SQUARE METERS

Arkitekt and NREP, Obel-LFI Properties, Pension Danmark, AAB, Balder and PFA Ejendomme are new investors in approximately 1,500 apartments in a new district in Copenhagen. By & Havn divests approximately 150,000 square meters land - corresponding to 1,500 apartments in Ørestad in Southern Copenhagen. **2016-10-28**



Nykredit's headquarters.

18 NYKREDIT'S HQ TO DADES FOR EUR 202M

Nykredit has sold the company's landmark headquarters Glaskuben and Krystallen to Dades for DKK 1.5 billion (EUR 202M). Nykredit will stay as tenant for a minimum of five and a half more years. With the acquisition Dades strengthens the company's position on the property market. **2016-11-10**

A new path

He has fled from the war in the Balkans, gained several university degrees, served as local politician, and both constructed and been fired from the property company Rikshem. Now **Ilija Batljan** follows a new path in his life with his own company Samhällsbyggnadsbolaget (SBB). **By:** Axel Ohlsson // **Picture:** David Schmidt/Pixprovider

“I was born and raised in Montenegro. There, I studied computer programming and economics at the university. Then I moved to Mostar in Bosnia to take additional courses in economics and to play football,” says Ilija Batljan.

But his football career and his studies in Mostar got an abrupt halt for Ilija Batljan when the war began in the early 90’s. Only 26 years old, he was forced to flee the country with his wife and their ten month old daughter.

“After more than a year of war we managed to escape. By then most countries had closed their borders. It was only Sweden, Denmark and Norway that remained open. We first came to Poland, where there were ferries to Denmark and Sweden. Some people chose between the countries, but for us the only thing that mattered was to get on the first boat,” says Ilija Batljan.

“The escape was a nightmare. It is an exceptional situation when you are in the middle of a war and you must flee without knowing where to go. You become physically exhausted but still you need to build a mental strength to grasp it all.”

After having spent some time in an asylum centre, the Batljan family settled down in Nynäshamn. There they have remained ever since. From Nynäshamn Ilija Batljan started com-

» The escape was a nightmare. It is an exceptional situation when you are in the middle of a war and you must flee without knowing where to go.«

muting to Stockholm. He worked very hard to quickly learned the new language.

AFTER ONLY THREE YEARS in Sweden Ilija Batljan graduated from the Stockholm university with a degree in economics with statistics as main subject. His idea was then to continue to do research on labour market economics, but instead he was offered an internship at the Government Offices, at the Ministry of Social Affairs’ research department.

“I remained at the Government Offices for nearly ten years. I have had a wide range of jobs,

with the exception of minister and grounds keeper – but virtually everything in between. I have worked as the secretary of committees, I have been chairman of various working groups, I have served as Desk Officer and Director and I have been Head of Research.”

The internship at the Government Offices was Ilija Batljan’s first glimpse of Swedish politics – but far from the last. For many years, he was involved in local politics, working for the Social Democrats in his local municipality Nynäshamn.

“The reason I became politically active locally was that I was so fed up with the commuting train from Nynäshamn never running on time.”

“Nynäshamn is a town where the Social Democrats have historically had a strong position. My fundamental values are – based on my definition of social democracy – strongly Social Democratic; I believe that it is of fundamental importance that all people are given the opportunities to fulfil their own dreams. So, it was a natural reaction for me to get involved with the Social Democrats when I wanted to improve the commuter traffic.”

TODAY ILIJA BATLIJAN is no longer politically active. Instead, he is the Managing Director of SBB, a role in which he wants to create what he calls the best Nordic company for housing and community buildings. ➤



STRIKER. Ilija Batljan moved from his homeland Montenegro to Bosnia to play football and study economics.



»That's an amazing thing to do and something we should try to encourage more Swedish people to do: Start your own business. It is both a challenge and a stimulus every day.«

ENTREPRENEUR. After being fired from Rikshem Ilija Batljan has started his own company, a long-time dream of his.

➤ This is a dream that was in fact about to come true a couple of years ago. Already in 2010, Ilija Batljan had the ambition to start his own company but instead he ended up as vice president of Rikshem.

“We grew Rikshem up to SEK 36 billion (EUR 3.8 billion) and delivered a fantastic return to its shareholders. We even got a reward for this.”

HIS TIME AT RIKSHEM came however to an abrupt end. In December 2015 Ilija Batljan was fired from his position as vice president, since he had made his own property investments in spite of his role at Rikshem.

“I think many people would benefit from the experience of being made redundant. It forces you to start thinking about what you really want to do.”

➤ **What is your view of how things ended at Rikshem?**

“Of course I don't think it was neither reasonable nor justified. But at the same time, I'm old enough to know that if you're working as a managing director or deputy managing director you must be able to just accept when the board does not have confidence in you.”

“Now when this issue has been examined in detail and I've been cleared of suspicion, it is of course a relief and it feels good in retrospect that

everything has been investigated. I am proud of what we accomplished with Rikshem.”

Moving on from Rikshem, Ilija Batljan started SBB, and ever since day one it has been full steam ahead with large investments succeeding each other.

“We are a great team with many of my former colleagues who took part in creating Rikshem. In addition, we have had excellent support from other real estate people with experience from creating their own companies, and with great understanding of the real estate industry. The combination of having a fantastic management team and at the same time strong support from the owners creates an excellent environment for us to continue to evolve.”

“We have got a fantastic potential in the company. Right now we have ongoing detailed planning for between 400,000 and 500,000 square meter BTA. Our existing properties are mainly residential and public buildings, but we have also got a substantial portfolio of building rights that we will develop in coming years.”

➤ **Was the high rate of investments part of the original plan?**

“In real estate you need volume in order to be able to provide the resources and the capabilities you need.”

NOT ONLY THE TRANSACTION rate has attracted the attention of the company. In addition, it's investors, with prominent names such as Sven-Olof Johansson and Erik Paulsson, has put the spotlights on the company.

“I find it extremely valuable to discuss with them. It's incredibly important to be curious and have an eager to learn new things. These two men have done so much for the property industry and they have been through so much, so there is a great deal to learn from listening to them.”

➤ **Is there a target set for how much the company should grow before it is firmly established?**

“We have said from the beginning that we shall build a company with at least SEK 20–25 billion (EUR 2.1–2.6 billion) in real estate. That's our five-year plan. But we will never buy properties that are not profitable for us. Everything is subordinate to this.”

➤ **You have for a long time dreamed about starting your own company – how does it feel now when you have done it?**

“It feels great. That's an amazing thing to do and something we should try to encourage more Swedish people to do: Start your own business. It is both a challenge and a stimulus every day.” ■

your partner in real estate

Novi Real Estate offers external property
management services

stable and financially strong owners

long-term, competitive player
in the property management market

broad network, locally and nationally

600,000 m2 lettable area (and increasing)
property value of approx 30 billion SEK

offices and retail premises, hotels and residential area
located in Stockholm City, central Gothenburg,
Malmö, Uppsala and Helsingborg

novi
REAL ESTATE

novire.se

What will the property year 2017 bring about?



Peter Wiman, Head of Research, Savills



Ylva Sarby Westman, Deputy CEO and CIO, Kungsleden

■ 2016 was a record year in the Swedish real estate market – and at the same time the world experienced a number of extraordinary events. What will happen to the market in 2017? Here the qualified duo Peter Wiman, Head of Research at Savills, and Ylva Sarby Westman, Vice President and Head of Transactions at Kungsleden, give their view of the future. **By:** Axel Ohlsson

› 2016 was, just like the previous two years, a very strong transaction year in the Swedish property market. Where do you think the transaction volume will end in 2017?

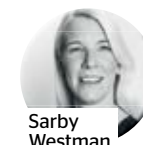


Wiman

“2016 was by far a new record year with a transaction volume at just over SEK 200 billion (EUR 21 billion), which is SEK 37 billion (EUR 3.9 billion) more than the previous peak in 2014. Provided that

there’ll be no unexpected events that affect the economic growth or the financial system, the transaction volume should remain high also in 2017. The argument for a continued strong market is that traditional fundamentals like interest rates, rental growth and vacancy rates look stable or positive in the short term. Furthermore, 2017 will be the final year for many municipalities to sell real estate, before the election campaign kicks off in 2018. In addition,

last year’s strong market has resulted in a need for many companies to refine their holdings, since 2016 was characterized by large portfolio transactions. Given this, the transaction volume 2017 may come up to SEK 120–140 billion (EUR 12.7–14.8 billion).”



Sarby Westman

“We expect a continued strong transaction market in 2017 since a lot of capital is allocated to real estate investments and we also forecast that interest rates will remain low. The transaction volume will probably not reach the 2016 record level but activity will most likely remain high during the year.”

› Which types of investors do you think will be active on the buy side and sell side, respectively, next year?



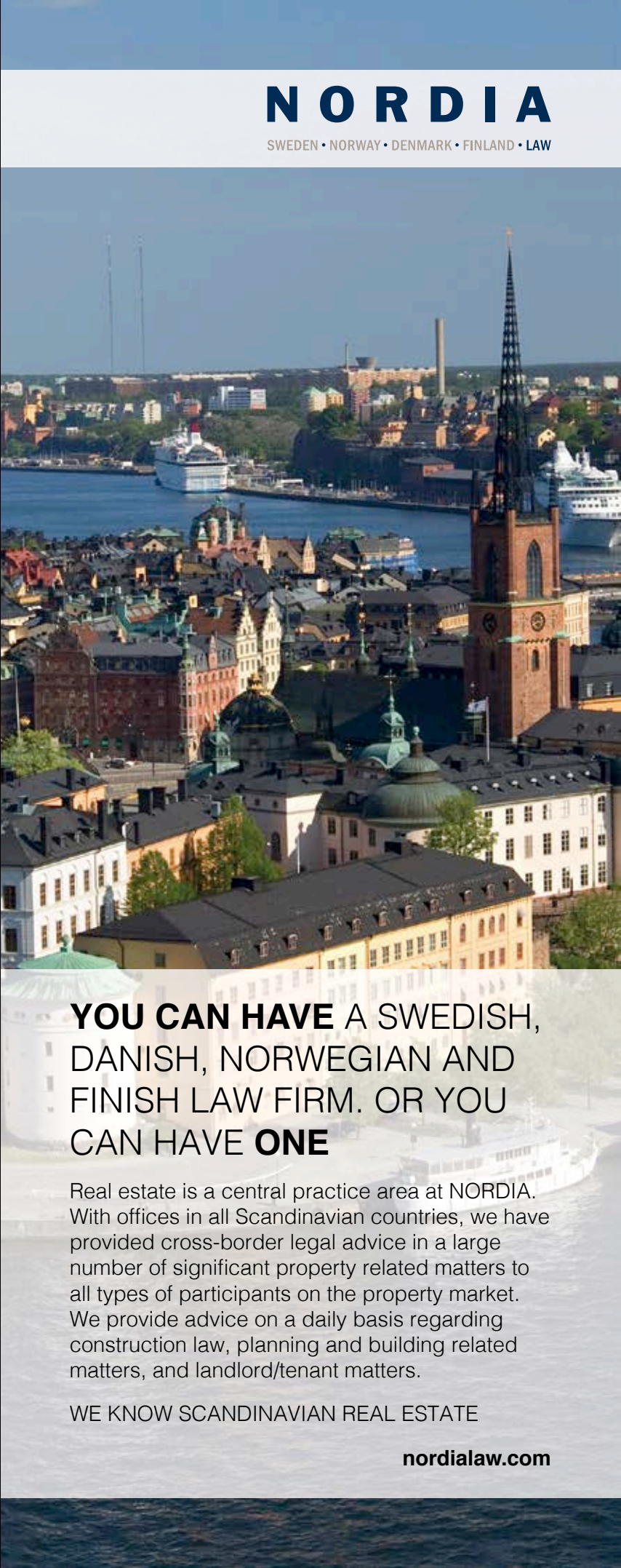
Wiman

“The continued strong market means that developers and construction companies are likely to continue to sell their project as early as possible in the construction process. Municipalities will most likely sell assets since this will be the last chance for them to sell before the 2018 election campaign starts. On the buy side, the institutional capital should continue to dominate. We also expect the listed companies to remain active in the market – both as buyers and sellers.”



Sarby Westman

“My guess is that both the buy and the sell sides will be very similar in 2017 as to 2016, meaning that we should see a continued wide range interest from listed companies, investment funds, developers and institutions.” ➤



N O R D I A

SWEDEN • NORWAY • DENMARK • FINLAND • LAW

YOU CAN HAVE A SWEDISH, DANISH, NORWEGIAN AND FINISH LAW FIRM. OR YOU CAN HAVE **ONE**

Real estate is a central practice area at NORDIA. With offices in all Scandinavian countries, we have provided cross-border legal advice in a large number of significant property related matters to all types of participants on the property market. We provide advice on a daily basis regarding construction law, planning and building related matters, and landlord/tenant matters.

WE KNOW SCANDINAVIAN REAL ESTATE

nordialaw.com

› Foreign companies like Starwood and Blackstone have in recent years established themselves strongly in the Swedish property market. How active do you think foreign investors will be in 2017?



Wiman

“The interest from foreign investors remains very strong. The transaction activity has come down significantly in the core markets in Europe in the wake of the Brexit referendum and the US election, which may have benefited the Nordic countries that are seen as a safe-havens. The problem for many foreign buyers, however, is that they often need to hedge the currency risk, which is costly, and even more so in a market where the yields are historically low.”



Sarby Westman

“We expect the continued strong interest from foreign investors in the Swedish market to continue and that the international investors’ share may increase slightly compared to the past. The Swedish krona is undervalued and many foreign investors are underweight in Swedish real estate.”

› How do you think the banks’ view on real estate financing will develop in the coming year?



Wiman

“Provided that the financial markets remain relatively stable, banks should continue to be active. Furthermore, the need for borrowing from other capital-

intensive sectors is rather small, in particular among the listed industrial companies who are making good profits. In 2016, we saw both new players in the financial market and various international actors who once again opened up Swedish offices.”



Sarby Westman

“The banks have still got an appetite for real estate financing. Interest margins have increased marginally and may increase further due to new capitalization rules.”

› Some people believe that property prices may have reached their peak, what do you think?



Wiman

“Bearing in mind the amount of capital that is seeking real estate exposure and the low return from low-risk bonds, real estate remains an attractive investment class. Therefore, it is not unlikely that we should see new price records in some segments or geographic markets.”



Sarby Westman

“I think prices will remain high due to continuing strong fundamentals in the market, including economic growth and strong local demand, leading to lower vacancy rates and positive rental growth.”

› What factors are the most important to keep an eye on when it comes to predicting where the market is going this year, and which are the biggest challenges for the industry?



Wiman

“Obviously, it is important to keep track of the development of long-term interest rates, since a quick increase in long-term interest rates may cause capital to turn to other sectors than real estate. Value growth in the core markets in Europe may also provide an indication of where the Swedish market may be heading. Turning to the risks, we see changes to laws and tax regimes as potential threats. A big challenge for the industry is also a shortage of skilled people. Many companies report that they find it difficult to recruit people. In addition, construction activity will be very high in the coming years, which puts further pressure on the construction sector.”



Sarby Westman

“Of course, it is key to keep track on how the economy develops in Sweden and abroad, and the impact that has on fundamentals such as rents and yield requirements. The biggest challenge right now, in a situation with strong rental and transaction market and low interest rates, are related to uncertainties about future changes to the legislation and its impact on the industry.”



The largest transactions in Sweden

The data has been produced by Newsec.

Top 10 // 2016

EUR 1 = SEK 9.47 - SEK 1 = EUR 0.11 (2017-02-07)

1 **Buyer:** Castellum.
Seller: Norrporten.
Object: 125 properties in Sweden and Copenhagen.
Few, if any, in the Swedish property industry can have missed 2016's largest deal. Castellum's acquisition of its rival Norrporten for SEK 26 billion (EUR 2.75 billion) is the second largest property deal ever in Sweden. The acquired portfolio comprises 125 properties in Stockholm, Luleå, Sundsvall, Umeå, Östersund, Gävle, Örebro, Jönköping, Växjö, Helsingborg and Copenhagen. The Swedish part is worth approximately SEK 22 billion (EUR 2.32 billion). After the deal Castellum's portfolio was worth SEK 71 billion (EUR 7.5 billion). The large-scale deal was then followed by a number of sales from the portfolio.

2 **Buyer:** Blackstone Group LP.
Seller: D Carnegie & Co AB.
Object: The majority of D Carnegie's property portfolio.
In 2016 American Blackstone Group LP acquired a 46 percent stake in residential landlord D Carnegie & Co AB, giving the company 51 percent of the voting rights. In addition to these holdings, shares and voting rights are controlled through warrants. D Carnegie & Co's total property portfolio is valued at SEK 15.2 billion (EUR 1.6 billion), of which Blackstone's share equals SEK 8.3 billion (EUR 876M).

3 **Buyer:** Willhem.
Seller: Akelius.
Object: 119 properties in Western Sweden.
In April Willhem bought 4,302 rental apartments from Akelius at a total price of SEK 5 billion (EUR 528M). The properties, of which 90 percent consists of residential space, are located in Gothenburg, Borås, Skövde, Trollhättan, Lysekil and Karlstad. 119 properties were included in the transaction and the largest share was located in Borås (1,496 apartments).

4 **Buyer:** Diös.
Seller: Castellum.
Object: 32 properties in Northern Sweden.
2016's fourth largest deal was Diös' purchase of a part of Castellum's Norrporten portfolio. The SEK 4.5 billion (EUR 475M) deal included 32 properties located in Sundsvall, Umeå and Luleå. The total rental value in the 216,000 square meters portfolio is approximately MSEK 360 (EUR 38M). Major tenants include Sveriges Domstolar (the Swedish courts), Skandia and Trafikverket (the Swedish Transport Administration).

5 **Buyer:** Balder.
Seller: IA Hedin.
Object: 47 properties across Sweden.
This fall Balder acquired all properties owned by IA Hedin Fastighets AB properties at a price of SEK 4.2 billion (EUR 443M). The portfolio included 47 properties distributed across Sweden with most of its value in Stockholm and Gothenburg. The properties are fully let mainly to the Hedin Bil Group on triple net leases. The average lease term is just over eleven years and the annual lease income is MSEK 276 (EUR 29M).


6 **Buyer:** Trophi.
Seller: Starwood.
Object: Six retail properties.
Property company Trophy, owned by the Third AP Fund, acquired six retail properties at a price of SEK 3.1 billion (EUR 327M). The seller Starwood had owned the portfolio for less than three years. The following shopping centres were included in the deal: Arninge Centrum in Täby, Tuna Park in Eskilstuna, Boländerna in Uppsala, Weibullsholm in Landskrona, Bäckebol Shopping Centre in Gothenburg and Jägersro Center, Malmö (that was recently sold to CBRE).

7 **Buyer:** Intea.
Seller: Blackstone and Areim.
Object: Garnisonen in Linköping and Campus Östersund.
The Garnisonen district in Linköping and Östersund Campus was sold by Blackstone and Areim to Intea for SEK 2.9 billion (EUR 306M). The deal comprise 132,600 square meters of lettable space that is currently occupied by government tenants. In addition, there are 40,000 square meters unutilized building rights included in the deal.

8 **Buyer:** Willhem.
Seller: Akelius.
Object: 31 residential properties in Halmstad and Eskilstuna.
Willhems second purchase from Akelius this year included a 31-property residential portfolio in Halmstad and Eskilstuna. The purchase price was SEK 2.8 billion (EUR 296M). The properties in Halmstad are centrally located and consists of 1,160 apartments and one development project that will add another 72 apartments. The Eskilstuna portfolio comprise 603 apartments, all centrally located.

9 **Buyer:** Platzer.
Seller: AB Volvo.
Object: Volvo's property portfolio in Gothenburg.
Platzer has acquired Volvo's property holdings in Gothenburg for SEK 2.8 billion (EUR 296M). The portfolio consists of office and logistic properties. Around half of the space is let to Volvo. This is Platzer's first purchase of logistic properties. For Gothenburg, this is one of the largest property deals ever completed.

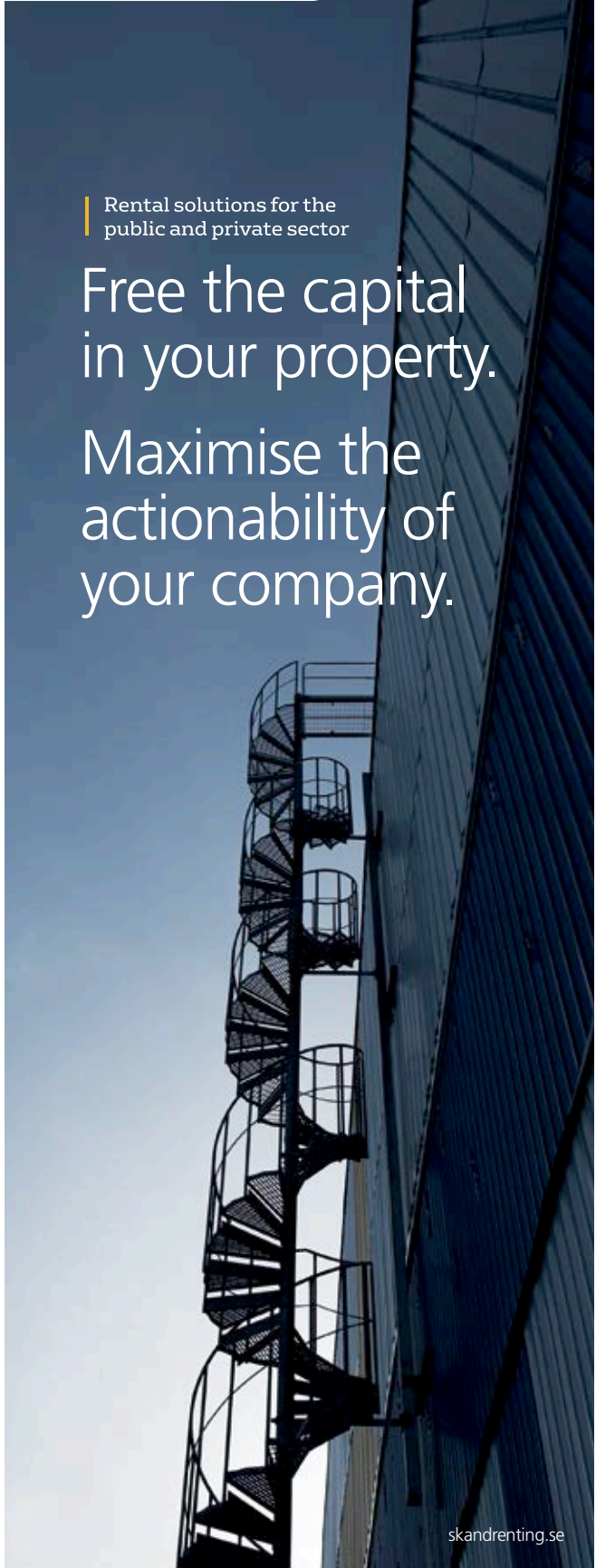
10 **Buyer:** Partners Group.
Seller: Sveafastigheter.
Object: 97 properties in Sweden and Finland.
Partners Group, an investment manager based in Switzerland, has acquired 97 properties in Sweden and Finland for SEK 4.3 billion (EUR 454M) from Sveafastigheter. 60 properties in the portfolio were located in Sweden and have a total value of approximately SEK 2.5 billion (EUR 264M).



Rental solutions for the public and private sector

Free the capital in your property.

Maximise the actionability of your company.



skandrenting.se

■ Following yet another record transaction year and with continuing ultra-low interest rates – what could possibly put a halt to the booming Swedish property market, asks Åsa Henninge, Head of Research at NAI Svefa?

What could turn the tide on the Swedish property market?

2016 will go down as a new record year for the Swedish property investment market. Ultra-low interest rates have created a substantial difference between the return from property, and the costs of owning them, and this has created very favourable conditions for investing in real estate. Capital has flooded to the Swedish property market and the full year transaction volume 2016 is estimated at SEK 218 billion. The conditions are still favourable, but the uncertainty surrounding future trends and market behaviour has escalated. Which factors poses the greatest threats to the current market trends?

Most likely we will experience a slowdown as investors start to take home profits. The magnitude of the slowdown will depend on the number of investors that start to run in the same direction. However, under the current conditions, more is required for the slowdown to be as powerful as previous downturns.

LOOKING BACK AT the Swedish property market over the last 20 years, it is obvious that market movements follow a clear pattern. The large-scale crisis in the 1990's was followed by four, five years of positive growth. Then came the dotcom crash, which affected the real estate market, particularly in Stockholm with a hefty drop in market rents and increasing vacancies in the office segment. After the dotcom crash investors reassessed their view of real estate, and the investment class became once again attractive. The real estate market recovered and four, five good years followed. Foreign capital flooded to the Swedish market. Investors favoured

large-scale deals and portfolio premiums grew by the size of the investment. Concerns about the global financial markets were expressed already in the second half of 2007 but it was not until 2008 that the Swedish property market severely hit. The crisis was triggered by the collapse of the US mortgage loans issued on dubious grounds following political reforms that had the intention that all Americans should be able to own their own home. The crisis spread globally and international investors fled the Swedish market. Banks became reluctant to finance real estate deals and investment market activity dropped significantly.

IN AN ATTEMPT TO stimulate economic growth, the Western economies has now spent years adding liquidity to the market and the financial system has been loaded with cheap capital. Banks have provided traditional lending and when additional capital has been needed there have been many alternative sources available on the capital market. The flow of capital to real estate along with low interest rates have pushed yield requirements to record lows, which have generated strong growth in capital values and equity capital for new investments. We can now look back at six good years for the Swedish real estate market. However, based on previous cycles, the economy should have turned by now.

IN THE HOUSING SEGMENT, which has been the dominant property segment in the Swedish investment market since the financial crisis, we do not find a similar cyclicity. Prices for private ➤



ÅSA HENNINGE

Age: 45.

Title: Head of Research.

At NAI Svefa since: 2001.

Hobbies: The family, summer house in Haverdal, discovery trips, football, food and wine.

PICTURE: NAI SVEFA

Your future. Our focus.

At Roschier, we believe the best advice is built on a deep understanding achievable only through dedication. It's an approach we're committed to. By working closely with our clients and sharing their realities, we ensure advice that reaches beyond the obvious.

That's why we are one of the leading legal advisors in the Nordic region today, both in the area of real estate and in any other practice areas.

www.roschier.com



ROSCHIER




KEY SEGMENT. "History tells us that households' well-being is of great importance for both the population's growth, the national economy's expansion as well as the development of the property market."

► homes have in fact been rising since 1996 and the total return for residential rental properties has, with the exception for 2008, been rising since 1993. Those who were born in the 1990's and are now about to enter the property ladder, have seen house prices rise their entire lifetime. Boverket (The National Board of Housing, Building and Planning) has estimated the housing needs at around 700,000 new apartments to be built over the next ten years. In the residential property segment, we have seen a significantly increased risk appetite where existing investors have chosen to diversify their business to include residential development and also a large group of new players focusing on residential property development. The private capital's willingness to invest in housing for a broad group of people, is something that government and municipalities used to care for, and is a cause for concern.

WITHOUT ANY IN-DEPTH analysis of the demand side and without access to cheap or subsidised production resources, the construction of rental housing units is quite risky because of the current rental legislation and accounting rules, and also against the background that the lion's share of the demand comes from economically weak households such as students, immigrants and elderly

people. In its report on the calculated housing needs Boverket writes; "It is not certain, or perhaps even likely, that the housing demand will reach the estimated need. The size of the demand will depend on household finances and a range of other conditions /.../ Such an analysis lies outside the framework of this study."

IS IT CHANGING ECONOMIC conditions for households, and the consequences it would have on the Swedish housing market, that could be the trigger for a market correction of a larger size? An interest rate increase of a magnitude that would impact households' economies and thus the housing market, needs to be taken into account although it has to be a significant rate increase for the market to break down. Nevertheless, the households' economic situation is an important parameter to bear in mind, and so is the proportion of demand that comes from economically fragile buyers. History tells us that households' well-being is of great importance for both the population's growth, the national economy's expansion as well as the development of the property market. For housing developers in general and for more speculative players in particular, it is essential that the project portfolios are matched by a sustained demand. 

NAI SVEFA

NAI Svefa with subsidiaries offer specialist knowledge and qualified advisory within management, strategy & organisation, valuation, analysis, property information, urban development, property development, strategic & operative asset management, transactions & letting. Together we are over 160 employees in 17 locations across the country and we have an annual revenue of SEK 240 mn. Our clients range from large real estate and energy companies, investors, construction companies, banks, government agencies and municipalities to smaller local property players who all appreciate our combination of real estate expertise and business intelligence. In June 2016, we acquired Sensa Corporate Advisors AB and Fasticon AB. This was a big step towards our long-term goal to become the leading property advisor for both public and private sector in Sweden. With a local presence across the country, membership in the international network NAI Global and access to proprietary, market information systems we guarantee that our advices are always based on an extensive knowledge of the property market – locally, regionally and globally.

gothenburg

MIPIM 14-17 MARCH 2017
Booth P1-J24

Scandinavia's largest urban development project is happening right now. **€ 100 billion** will be invested. Meet with us at Mipim to learn more.

www.gothenburगतmipim.com



■ Already well established in Finland and with several campuses in the Baltics and Norway, Technopolis takes the next step – to Sweden. The CEO Keith Silverang describes the way into the competitive Swedish market. **By:** Axel Ohlsson // **Picture:** Technopolis

New Kids on the Block

TECHNOPOLIS WAS ESTABLISHED thirty years ago as a growth machine – to grow and help its customers grow as well. The company started its operations in an old dairy in Oulu. Today, Technopolis is an extensive network of business centers, unique even on an international scale, operating in eight cities in Finland, as well as in Estonia, Norway, Russia and Lithuania.

Last year Technopolis has added Sweden. The man leading the company into this new market is American CEO Keith Silverang. He moved to Finland to get his MBA in 1988, he remained in the country and in 1997 he got in touch with Technopolis as an external service provider in the initial public offering. After having a customer-service relationship from 1997 to 2003 Keith Silverang was hired by Technopolis' former CEO Pertti Huuskonen.

"I'm not a real estate guy, so I was as surprised as anybody. But I was hired to build a chain of incubators. Technopolis was already starting to grow around Finland by setting up incubators and offering them to venture capitalists. It was called Technopolis Ventures, and we started it in the spring of 2004," says Keith Silverang.

He went into the real estate side of Technopolis in 2006 when he took over the Helsinki metropolitan area operations. In 2008 he became CEO of the whole company, when Pertti Huuskonen became chairman of the board.

AFTER HAVING PLANED and tried to enter the Swedish market since 2013. Technopolis acquired a 34,300 square meter office building called Campus Gårda in Gothenburg, a property they bought from Niam.

"It was about timing. The Swedish market is very competitive, meaning that it's filled with strong listed companies. With the dominant players in each Swedish region, it's not easy for an outsider to come in. And if you come in, you have to have some value-adding element that the local companies can't bring."

"The biggest factor that made it take so long was the extremely

hot Swedish real estate market, that was pushing prices up very high. This could be nice if you're a local player since it raises the rents and the property values – but for an outsider to come in it makes it harder to enter, for the exact same reasons. Everytime you're interested in a case, there are ten other companies who are also interested. We were not willing to compromise on our investment criteria."

» Did it become easier to make the acquisition from Niam, considering that they also have a Finnish branch?

"I wouldn't say that it was easier for that reason. Rather it was because, like us, they were also an outsider. So I don't consider it a coincidence that we ended up acquiring the Gothenburg campus from a non-local real estate company."

"For us the Gothenburg campus is quite small, but for the local market it's fairly large. So it might not be the easiest one to sell through an auction. Also knowing that the previous tenant's lease were expiring doesn't make it easier for traditional real estate players."

"For Niam it made sense to sell us the asset and make a reasonable profit rather than holding on to it. There are expansion opportunities on the campus and it's going to take some years before it's clear how much additional space that's possible to develop. It's a longer game and funds don't have that much time."

"But we, as a long term player, can play the long game. So in that sense I think it was a win-win for us and Niam where they could exit with a good yield and we could enter with a reasonable valuation and still be able to generate an upside down stream by developing the campus and making it more diversified over time."

THE SWEDISH MARKET in 2016 was hot all over the country, but like in most cases Stockholm stood out as the summit. Something that made Technopolis choose Gothenburg over the capital.

"I think it's fair to say that we would have gone to Stockholm, if it would have made financial sense to go there first. You can see that it's logical to have a base in Stockholm. But we run the chain »

Mr. Keith Silverang, B.A., MBA, born 1961, has served as President and CEO of Technopolis Plc since September 15th, 2008. He has worked for Technopolis since 2004, amongst other roles, as the Vice President in charge of the Greater Helsinki Area, and the CEO of Technopolis Ventures Ltd. Previously he has been Vice President and COO of the Training Division of AAC Global Ltd and the CEO of ICS Ltd.

OUTSIDER. Keith Silverang didn't have a real estate background when he first got in contact with Technopolis.

»Investors don't have the patience to concentrate on more than one major market. That's a big reason why so much money floats to Stockholm, lack of imagination and laziness.«



AWAITED. Technopolis had been looking to enter the Swedish market for three years before acquiring Campus Gårda from Niam.



➤ from the center, in Helsinki. So we don't have regional organizations. Had we gone to Stockholm that would have taken much more competitive valuations."

"It's also about where you are in the real estate cycle. We think that Gothenburg's best opportunities lies ahead – where Stockholm is much hotter and much further along in the cycle. It's hard to see how much longer this game can continue, and if it does the hangover can be much larger.

Looking at Gothenburg, that has come out of a crisis that's similar to the Nokia crisis with Volvo. The diversification of the economy there is an ongoing process, and we saw that as an opportunity to contribute to that, so that there will be a more broad-based economy in Gothenburg in the future with an engineering sector coming up alongside the auto industry and passing it."

"Gothenburg is the same size as Helsinki so it's a good size market for us, but mainly we have much more opportunities to add value in Gothenburg than we have in Stockholm. And since we don't have to start in any particular geographical order, we go where we can add the most value."

COMING AS AN OUTSIDER is hard, but it also brings a different perspective on how it is to enter the Swedish market from abroad.

"There are a lot of similarities but also a lot of differences. Finland isn't dominated by the listed companies in the way that Sweden is. Sweden has a much bigger market for listed companies, but the companies are often linked to the same families. In Finland there's only three listed companies and they're listed so that there isn't cross-ownership with construction companies. So the interior rela-

tionships are very different when you enter the Swedish market."

"Sweden is a much bigger market, it's more developed, more sophisticated with much more listed companies than Finland and more vertical and horizontal integration between the players."

"There is no room for another capital of Scandinavia, and Sweden is it. Investors don't have the patience to concentrate on more than one major market. That's a big reason why so much money floats to Stockholm, lack of imagination and laziness," laughs Keith Silverang, "it is very easy to good to the Swedish listed companies because it feels safe. Sweden has a good brand."

➤ **Do you think this order between the Nordic countries will continue as it is?**

"If some huge economic or financial crisis would affect Sweden, but somehow not affect the other Nordic countries – which is hard to imagine, then Sweden's position could be damaged. It's theoretically possible, but I think it's very unlikely."

"On the other hand I think that as time goes by the other Nordic markets will mature, become more sophisticated and investor friendly. So you will see them catch up as investors look for other alternatives since the valuation is so high. But from a global view Sweden is in a whole different class as a knowledge-based global economy. So I think Sweden will remain dominant, but the other countries, including Finland, will catch up. The situation will become more balanced."

➤ **Considering that Sweden dominates the Nordic market, was it important for Technopolis to establish in Sweden?**

"I would say yes. Sweden is an important market and we would like to be strong in our niche – but that doesn't mean that we need

a big market share in Sweden. It means that each of our campuses in Sweden should be very strong in their own niches, and I think there's enough room in the Swedish market for Technopolis to have multiple campuses, not only in Stockholm but in other hotspots as well."

"In a way it's good if we don't bother the big Swedish companies, because then they don't bother us. It's like Jack and the Beanstalk, if you climb up the beanstalk and sneak around than don't wake up the giant or you might get stomped on."

➤ **So what lies ahead for Technopolis in Sweden. What's the next step?**

"We have plans, but they depend on conditions. Our target is to increase our footprint in Gothenburg. We believe in that market and we think our concept is going to bring us recognition in Gothenburg and that the word will spread around the city that we're passionate about providing great service."

"So our first step is to be so successful with the Gårda campus that we can expand that because Gothenburg is a big enough market to support two or three Technopolis campuses, either through acquisition or greenfield or a combination."

"Other than that we continue to look at Stockholm and we continue to look at Malmö and Lund, both from an investment point of view as well as a co-working point of view."

"We have a lot of respect for our Swedish competitors and peers. We're aggressive and want to play hard, but we are not arrogant and we are very open to partnerships and want to learn how to play a constructive role in that market. Hopefully both our competitors and peers will see Technopolis as a positive force." ■

Receive
**THE FIRST
NEWSLETTER**
covering the Nordic
real estate market

Sign up for your subscription at
www.nordicpropertynews.com



Follow us on Facebook
and Twitter: @NPN_Online



■ In a digital world where the turnover moves from physical stores to online sales and turnover rents are turned into visitor rents, Bumbee Labs’ CEO and founder, Staffan Liljestrand, is ready to revolutionize the industry. **By:** Axel Ohlsson

Go with the customer flow



INNOVATOR. Staffan Liljestrand has been an innovator and entrepreneur his entire life.

FOR SEVERAL YEARS, digitization has, slowly but surely, reshaped our view of the world and the society. Real estate has not been immune to this. Both retail chains and property owners are questioning themselves how digitization will affect things like trade and rents, while cities are grappling with how to create an attractive their environment for citizens.

To provide answers to questions like these Staffan Liljestrand has set up his company Bumbee Labs.

“My background is as a statistical analyst. I have made several thousand surveys of supermarkets, shopping malls, municipalities with problems, etc. I’ve been hired by property owners, but also by the property owners’ organization. For example, to producer reports and evaluate why a city is losing trade. Previously you used to find much more trade in the inner city which was also much more vibrant, whereas today the trade has been moved to external retail centres. Many towns have problems to attract people to stay and shop in town,” he says.

“Previously, you studied issues like this by conducting different forms of an attitude surveys, in order to understand the context. The problem with this is that attitude does not always agree with empiricism; what people say they do, does not always correspond with what they actually do.”

TO GET AN ACCURATE PICTURE of how people actually behave, and not just how they think they behave, Staffan Liljestrand has developed a technique to measure the consumer flows.

“Around 2008, we started to see how people walked around with smartphones. It was about one year after the Iphone was released. By then there were many who thought they could create smart applications – whereas we thought you could use this technique to create much more.”

“We wanted to connect e-commerce with the physical trade. Physical stores have pretty good understanding of those who actually buy things, but with regard to those who just walk around in the store or those who passes by in the street, you have no understanding at all – because there is nothing you can measure. The measurability, to understand the flows has been lacking.”

In order to measure how the customer flow moves, a system was

created that measures how people move around, using nodes that measure Wi-Fi signals.

“We measure customer flows by using radio technology. The reason we use Wi-Fi has to do with it being widely used in the society and it is also a rather cheap technology since it is easy for us to put up the hardware.”

“The technology is based on fact that the phone sends out a MAC address – a ping – when it is looking for Wi-Fi. We measure the ping and determine the location. In that way, we can see how people move around during a visit.”

“Up to 90 percent of the people in an urban environment has got a smartphone. And of these people about 85 percent have the Wi-Fi turned on. So, we can follow somewhere between 80 and 85 percent of all visitors in an urban environment. As long as we know how big the shortfall is and that is it not skewed, we can say that we measure a representative interface of society.”

“Compare this with for example a political questionnaire where you ask 10,000 Swedes, taking into account the geography, gender, age and income, you get a pretty good estimate. However, in such a survey you capture only one per thousand of the Swedish population – we are looking at 85 percent of the society and have a confidence interval that is up 99 percent.”

STAFFAN LILJESTRAND

Age: 45.

From: Örebro.

Lives: Stockholm.

Title: Managing Director and founder of Bumbee Labs.

Former employers: “I’ve been running my own companies since I was 20.”

Education: A degree in economics, a degree in statistics and a degrees in Media & Communication.

Hobbies: Scuba diving.

Staffan Liljestrand, who has been an innovator and entrepreneur all his life, began to build an application to Ica to, by the consent of the users, measure customer flows in their stores where precision meant that one “basically could measure whether a person was standing in front of Felix or Heinz at the ketchup shelf”. Outdoor measurements started in Västerås where nodes were put in the city centre to investigate footfall and customer flows.

“We can do a lot more with the data than just to measure volumes. We can break down the data – since we can follow the whole visit we can classify different visits and filter out visits that are very short. For example, if a person arrives in the town centre but immediately gets on a bus - then you are not an actual visitor to the town. So, we can see how much time each visitor spends in town and we can also see how everyone moves around.”

“There is a great need of this data and such a demand, so we see ourselves as a part of a society builder. Universities, property owners, city planners, traffic planners, centre managers, retailers and researchers are taking a great interest in our data.”

BUT SETTING UP the company has not been uncontroversial. The Swedish Data Protection Authority has followed the company’s development and has made check-ups on how Bumbee Labs’ ➤



TROMPE L'ŒIL. With their system Bumbee Labs measures actual patterns, not just perceptions.



»I think owners of commercial properties should benefit from knowing more about the visitor flow in the local area.«



ASSET. The flow measuring system is highly requested by real estate companies.

› system works through one of the company’s customers.

“All from the start, we realized that we were touching a bit on personal data. We contacted the Swedish Data Protection Authority and asked if we could get some advice, but we were told that they are an investigative agency, not an advisor.”

“Then we had to spend lots of money on lawyers who helped us to find out how we could use the data we collected. Our lawyers thought this was not personal data, while the Swedish Data Protection Authority thought so. We thought that, as long as there is a legislation – the Personal Data Act – we just have to make sure that we act accordingly.”

FINALLY, WHEN THERE were only three people left in the company, they got the permission to use their technique to anonymize MAC addresses from people’s phones before using the data.

“There was huge pressure from lots of parties who were studying what we were doing. The Swedish Data Protection Authority told us that in principle every single data authority in Europe were looking at this case, because it was the first in which one had considered whether a MAC address was personal data or not. We changed things, rebuilt and by November 2nd we were approved by the Swedish Data Protection Authority.”

AFTER GETTING THEIR APPROVAL, it was full speed ahead for Bumble Labs. Measuring equipment have since been put in place in Västerås, Borås, Eskilstuna, Stockholm and Gothenburg and the company is aiming at launching their products in another 15 cities in 2017.

“We want to create a database that can give as many as many as possible the chance to, quick and easy, buy the data as soon as it is

statistically significant and anonymous, that is, after a few hours – depending on the volume.”

“In the long term, we believe that we will be part of the evaluation process of commercial real estate, we are not there yet. I think owners of commercial properties should benefit from knowing more about the visitor flow in the local area.”

› How often does various circumstances force you to take action and amend things?

“There are always technical challenges. It is not only about understanding how to do the calculation algorithms and how to capture the addresses and how to determine the exact positions. The technique for doing all that is quite robust.”

“The biggest challenge is to manage the volume of data. We collect around five billion positions per week only in Stockholm. We need to be able to manage this enormous amount of data in a way so that it is useful as a decision-making tool for the users.”

› Do you have plans to launch your product internationally?

“Yes, we have hired a person who will help us with this in Europe. The approval we have is applicable across Europe since it is based on a common data legislation, although perhaps we will need to make some adjustments in each country. There is a big interest from France, Spain, England, and the Netherlands, so in 2017 we plan to go European.”

› What is your goal for the company?

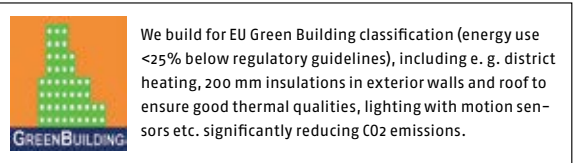
“Primarily an international expansion, and after that we’re looking to get listed on the stock exchange.”

“I don’t think I will ever be fully satisfied, but once we begin to expand across Europe, in the same way as we have done in our home market, by then I hope it will feel like we have taken a good step forward.”

WE KNOW LOGISTICS FACILITIES BY THE MILLIMETRE



IT’S GOOD TO HAVE A GREENBUILDING CERTIFICATION FOR THE COMING THREE DECADES WHEN WE ARE ABOUT TO DEVELOP THE LARGEST LOGISTICS PORTFOLIO IN THE NORDICS.



We build for EU Green Building classification (energy use <25% below regulatory guidelines), including e. g. district heating, 200 mm insulations in exterior walls and roof to ensure good thermal qualities, lighting with motion sensors etc. significantly reducing CO2 emissions.

Logicens is the largest owner of modern logistics properties in the Nordics with over one million square metres of space. We develop and manage modern distribution centers and cross-docking terminals to virtually all of the top logistics service providers in the region. We provide our tenants with agility that gives competitive edge. Energy saving design contributes to local sustainability—a combination that enables us to offer lower rents and decrease operating and energy costs. We call this intelligent logistics facilities!

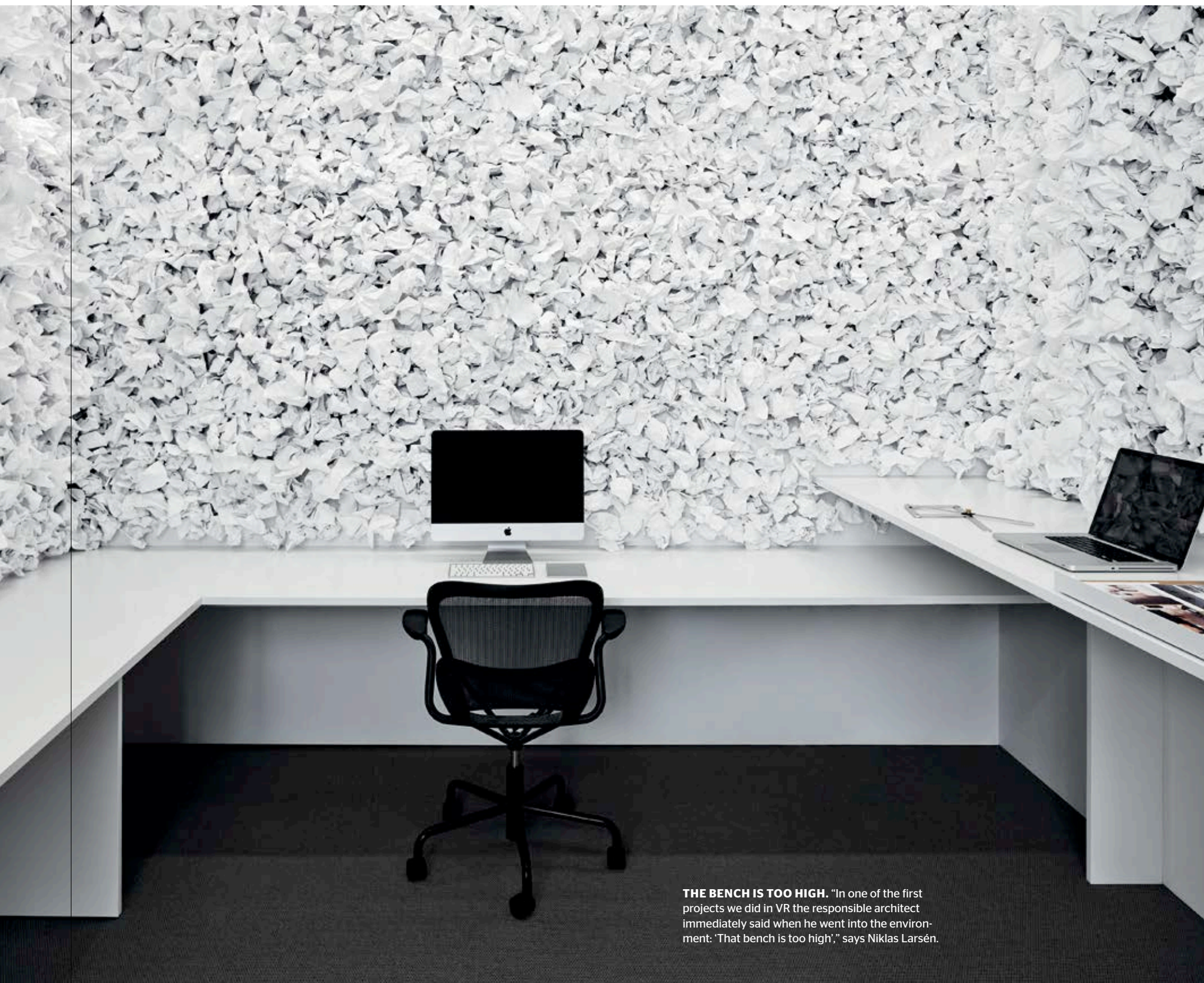
But we are not a short-term contractor—we like to own the properties we develop for the long term. Therefore, all our properties are built to last, often longer than our tenants, which requires efficient, flexible and sustainable design, layout and technical specifications that matches the constant flow of change in the logistics business.

Join us at www.logicens.com towards a sustainable and growing network of modern logistics facilities!

Contact Jonas Kennerhed | 020-678 100 | jonas.kennerhed@nrep.se

LOGICENTERS
INTELLIGENT LOGISTICS FACILITIES BY NREP

LOGICENTERS IS A LEADING PROVIDER OF MODERN LOGISTICS PROPERTIES IN THE NORDICS WITH A PRESENCE IN SWEDEN, DENMARK, NORWAY AND FINLAND. WE COVER MORE THAN 1 MILLION SQUARE METRES OF LOGISTICS SPACE. WE DEVELOP, RE-DEVELOP AND OWN MODERN LOGISTICS PROPERTIES IN VIRTUALLY ALL KEY LOCATIONS THAT MAKES A DIFFERENCE. WE ARE SPECIALIZED IN INTELLIGENT LOGISTICS, WHICH MEANS THAT ALL OUR PROPERTIES MEET THE HIGH STANDARDS OF QUALITY, EFFICIENCY AND FLEXIBILITY DEMANDED BY TOMORROW’S LOGISTICS OPERATIONS. WELCOME!



THE BENCH IS TOO HIGH. "In one of the first projects we did in VR the responsible architect immediately said when he went into the environment: 'That bench is too high,'" says Niklas Larsén.

■ The digitization is creating fundamental changes to our society. In the world of architecture Mer takes a step into the future – into the virtual world.

"In the future, architects should in principle be able to work as a craftsman straight into the virtual world," says Niklas Larsén, Director of Creative Development at Mer.

By: Axel Ohlsson // **Picture:** Mer



Niklas Larsén.

The virtual future

THINGS ACTUALLY DID NOT start as virtual reality (VR) for Mer. VR was instead a tool to take the whole thing one step further.

"Before we started thinking about VR, we concluded that we needed to create a greater understanding of what we were doing. Therefore, we built what Mer's Office Lab – an environment where we're working every day, testing different solutions before providing them to clients," says Niklas Larsén.

"This was a big success for us. Finally, our clients could understand exactly what we were thinking. With Mer's Office Lab we wanted to create a place that had so much of everything that it seemed styleless. For us this is extremely important that our clients don't get the impression that we have a specific style that rubs off on their projects. Since it's their brand and identity that come through in the facilities, not the architect's."

MER HAS SPENT three years to develop the office lab in their premises in Münchenbryggeriet at Söder Mälarstrand in Stockholm, but since the physical office was not sufficient, they felt that they had to take the concept to a new level. To figure out the next step they lifted their eyes from the world of architecture, and started to study other industries.

"We looked at the automobile industry and the fashion world. We saw how they created concept cars in order to show the world what they were about to create and give a vision of what is to come."

"When we were away at a kick-off, one group was given the task to come up with ideas on how we could create a virtual office where we could push the boundaries to a new level. The group concluded that the required technology is there and ready to use, and VR should work well for us to visualise our ideas. From that

understanding we began to think about how to use VR in order to display the environment we wanted to create."

"So we went to London and visited studios and got new ideas of what we should be able to do. Back home we put together a team who was given the task to create a completely digital working environment, that you should be able to log on to wherever you are in the world."

"We didn't want to start using VR just to have it, but rather we saw it as a way to reach even further and to where we wanted to go."

TO ACHIEVE THIS the team took help from a major computer game developer. The technology they advised us to use was so-called VR glasses. By putting them on you step into a new world, where you can walk around inside the projects and experience them before they are built.

"You start out from a first person view and steer what happens in the virtual world with your body. If you want to open a door in VR, you put out your hand and twist the doorknob, like you always do. But there are also versions where you can hover over the model like a giant peeking in through the windows. The biggest gain is that it makes you feel like you are actually there."

"The technology has come so far now that we create everything in 3D, which is the most advanced thing you can experience through a simple form of VR like your cell phone or Google Cardboard. This has resulted in that Mer has decided that all their project should be available to experience in VR."

"The client gets to choose what level you want right from the start – from a simpler form of VR to a more advanced form of VR experience," says Niklas Larsén. ➤



WORK SPACE. In just a few years architects will be able to work inside the virtual world like handymen.

»You start out from a first person view and steer what happens in the virtual world with your body. If you want to open a door in VR, you put out your hand and twist the doorknob, like you always do.«



» What feedback have you received?

“Everyone think this is very positive. There are in fact no real disadvantages. It is always easier to make decisions the more you know on every level of a project. And that the employees feel comfortable with the new workspace before the move is fantastic. People can quicker accept things when they can see it for real.”

“The only time I have experienced that people have felt a bit sceptic, is when they are not sure how this will affect the way they work.”

» Is there a risk that you will lose contact with customers when you don't meet them face to face as often as before?

“That interaction is still fundamental and nothing that will change, rather this means that you are able to meet more. By creating virtual meeting rooms, we can arrange meetings throughout the process, with the client and various consultant regardless of where we are. Instead of travelling to for instance Malmö for a meeting, that time can be spent on creating an even better project. The project saves time and money, since the technology is fairly cheap.”

BUT IS DOESN'T STOP HERE. VR is about to become a natural part of our future lives and will soon be joined by AR, augmented reality. That is when you project virtual objects onto the real world.

“In a few years, we hope that we will be able to operate inside the virtual environment, more like craftsmen. We will then not only use VR to present what we have done, but to actually work in VR. It's just a few years away.”

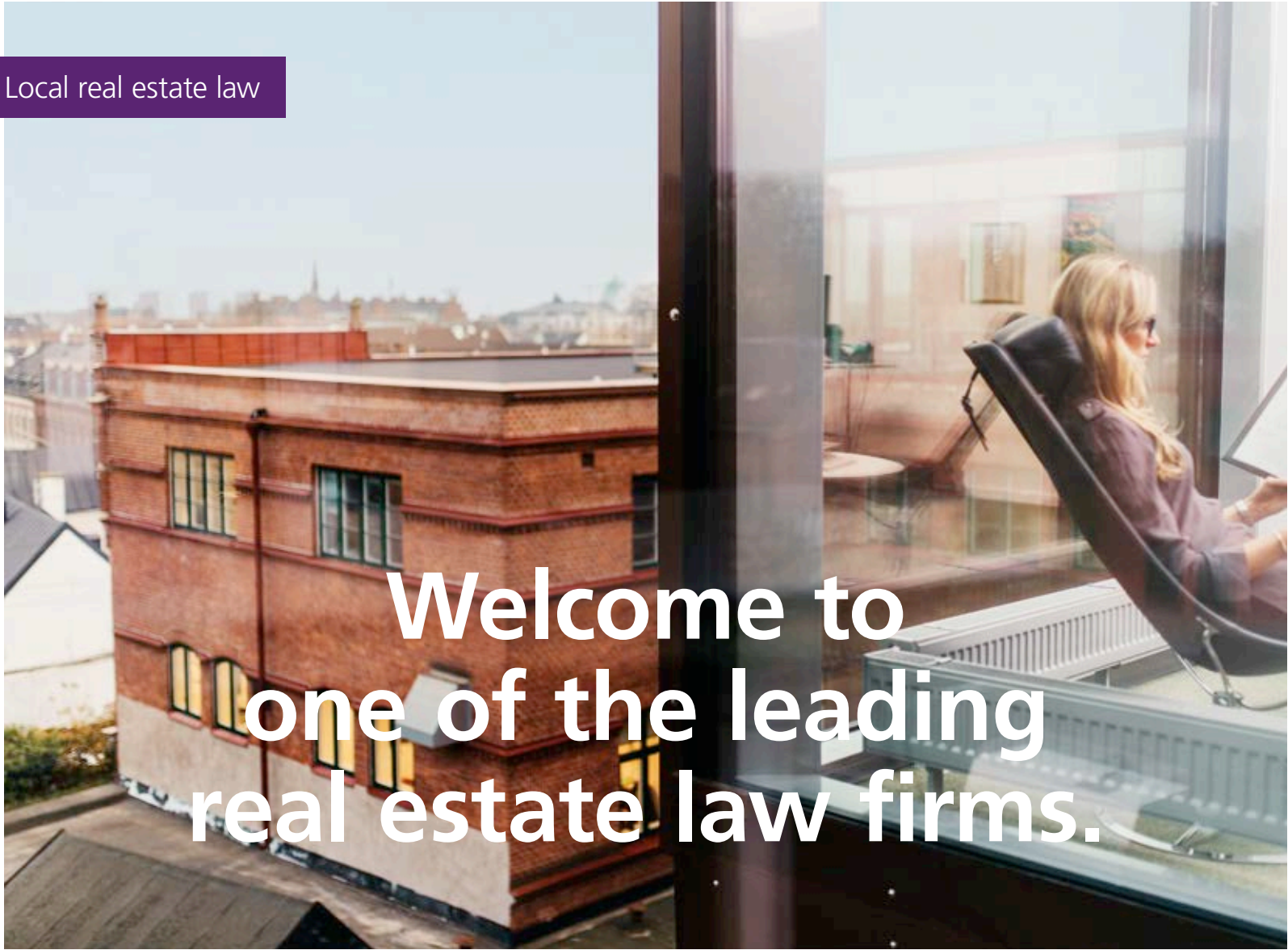
“In one of the first projects we did in VR the responsible architect immediately said when he went into the environment: "That bench is too high." When he was inside the VR environment, he could see things it in a completely different way than what you normally can. This is a new layer of information influencing the design process.”

“The technology has come a long way, and now when the industry starts to make money of it, the development goes even faster. Soon we'll be able to have a tour of a project we've created through avatars interaction in these environments together. It might sound strange using avatars, but that's just a reflection of the virtual environment.”

“The next step is to include AR. That basically means that you take up your phone and take a photo. Then you can add additional layers on the photo, like Pokémon Go - but more sophisticated.”

“In the future, when AR and VR merge, we will be able to remove the difference between what is real and what is not real.”

Local real estate law



Our experienced real estate team of more than 50 lawyers in Sweden and the Baltics manage the entire spectrum of property-related advisory services, from advice on purchase or sale of a property portfolio, development projects, and tenancy issues, to real estate-related processes in tenancy tribunals and courts.

Glimstedt is a full-service law firm with quite unusual local advantages. Present in 14 cities in Sweden, along with three offices in the Baltics, Glimstedt is always close to our clients' matters and can build strong relations on site. At the same time, our expertise in all areas of business law allows us to offer easy access to any kind of specialist when needed. With skills, commitment and deep understanding of you and your business we are a reliable partner at each stage of every case or deal.

Please contact your closest Glimstedt office. We look forward to assisting you.

www.glimstedt.se



LAW FIRM
GLIMSTEDT

ROOKIE. He is one of the most experienced hockey players of all time, but in the real estate business Nicklas Lidström is a fresh face.



Sweden’s greatest swaps hockey for real estate

■ He is one of Sweden’s greatest hockey players of all time. Just recently, he has stepped into the real estate business. In an exclusive interview with Fastighetssverige, Nicklas Lidström tells us about the similarities between hockey and property, what got him attracted to real estate – and what he is missing from his sporting career. **By:** Anthon Näsström // **Picture:** Niclas Liedberg/Pixprovider

NICKLAS LIDSTRÖM HAS over 1,500 games in the world’s best ice hockey league NHL on his track record, and during his 20 seasons playing for the Detroit Red Wings he won four Stanley Cup rings, seven Norris Trophy (prize as best defenseman) and he has also been awarded this decade’s best NHL player by the prestigious magazine Sports Illustrated.

Add to that a World Championship, an Olympic gold in 2006 that he secured by making the decisive goal in the third period in the final game against Finland.

And then, in 2012 it was announced that he would give up hockey. After starting his top-level career in Västerås IK, via 20 years in the United States, he decided it was time to do move forward. The Avesta born Lidström, and his family, moved back to Västerås to get some peace and quiet. And to find something else to do.

“Something else” was real estate. “I was contacted by Industrihus at the time when I was still playing in NHL, and they asked if I was interested in becoming a shareholder in the company. Well, by then it was not the right time to join. However, when I had finished playing hockey and was back to Sweden, one year passed and then I was asked again. Now I thought this was a good step to take,” says Nicklas Lidström to Fastighetssverige.

INDUSTRIHUS I VÄSTERÅS AB’S IDEA is to own, develop, refine and manage primarily industrial properties. This includes production space, storage, logistic, retail space and offices. The company has a strong link to Västerås and has a local profile with active owners who helps to promote the company.

Bosse Karlsson, the managing director of Industrihus, thus managed to attract a very well-known name to the company. “The thing I find attractive with real estate is that you can be much closer to your investment and that you can make a difference through active management. I am also generally very interested in real estate,” says Nicklas Lidström.

► **Are there any similarities to ice hockey?** “One similarity between hockey and our company Industrihus is that we as partners complement each other very well, since we have expertise in different areas. That’s very similar to a hockey team with its players who contribute in different ways.” After 20 years in North America, there were many who believed

NICKLAS LIDSTRÖM

Age: 46.
Position: Defen-
seman.
Teams: Västerås
IK, Detroit Red
Wings.
Honours: World
Championship
Gold Medalist,
Olympic Gold
Medalist, four
time Stanley
Cup cham-
pion, seven time
Norris Trophy
winner, inductee
in the Hockey
Hall of Fame.
Title: Partner at
Industrihus.

that the Lidström family would remain in Detroit even after the hockey career. But even if the family considered it, they chose eventually to return to Sweden.

“My wife and I were thinking of settling down with the family in the US, but then we thought that we wanted our children to grow up in Sweden and get Swedish moral grounds and also to be closer to the rest of the family.”

► **Do you miss the ice hockey?** “I do miss hockey when I’m back in the US and watch NHL games live. I miss the atmosphere surrounding the games and the speed of the game. I can also miss the togetherness you get in a team where you live very close to each other over a long season.”

► **Considering your connections to people in the USA, have you ever thought about buying properties over there?** “No, I have no such plans. In fact, I haven’t decided whether or not I should invest more in property than I do today. But should there be any concrete proposal, I would of course consider it, when relevant, in that case.”

Markus Näslund, Fredrik Ljungberg, Peter Forsberg and Zlatan Ibrahimovic. To mention a few. There are many sports stars who invest their money in real estate, during or after their sports career.

“I do not know why just sports stars would prefer investing in real estate but I can imagine that many of them think long-term about their investment, and that makes real estate interesting to include in your portfolio.”

From having spent most of his time in a hockey bubble with daily training and games, Nicklas Lidström felt that a role as a hockey coach was not for him. However, during the World Cup he served as “Senior Advisor” together with two neighbouring stars, Daniel Alfredsson and Mats Sundin.

Now when the sports career is over he is mainly looking for spare time and freedom.

“I have no operative role in Industrihus but I attend meetings and I learn new things all the time. I am also a shareholder in Case Kapitalförvaltning and that requires some of my time,” he says and concludes:

“I see it as luxury today to be able to control much more of my time than I could when I was a hockey player. By then my schedule was fully booked from September to June the following year.” ■



DREES &
SOMMER

Ihr innovativer Partner für
BERATEN
PLANEN BAUEN
BETREIBEN

Book your ad for Expo Real 2017 – now

Call Rolf Andersson:
+46 31 604 355



Number 3 2017 is distributed in Sweden in September.
The magazine will also be available at the Expo Real fair.