



**FASTIGHETSSVERIGE**

### **PORTRAIT**

Anette Frumerie will take newly listed Besqab to new heights

### **OPENING REPORT**

Savills paints a fair picture of the autumn on the Swedish property market

### **SWEDISH INVESTMENTS ABROAD**

Swedish investors are crossing the borders



Extra  
magazine  
inside!

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



# Hot Sweden at Expo Real

IT FEELS LIKE it was yesterday I sat down in my editor's chair after the summer holiday. Yet the memory of leisurely and sunny days have faded, along with the colour of my skin, and by now I am completely immersed in work again. When I went through my mailbox shortly after my holiday, I quickly became aware that there is something positive about the Swedish property market this autumn. The major consultancy houses are talking about an increased trading volume and

» Fastig-  
hetssverige will,  
as usual, be at  
the centre of  
discussions at  
Expo Real.«

only the beginning. Exciting, and a promising start as far as Sweden is concerned for this year's Expo Real.

FASTIGHETSSVERIGE WILL, as usual, be at the centre of discussions at Expo Real, ready to capture any titbits and deliver them to you as readers. We will also have exposure in all magazine racks, we will be visible on the press stand and we will deliver daily newsletters with the latest news, interviews and video clips straight from the expo floor. In short – all those who want it will be updated on what is happening at this year's Expo Real via one of our channels.



Editor-in-chief // Eddie Ekberg

higher transaction tempo, and also about ever increasing interest from international actors in investing in Sweden. The talk is primarily about actors from Asia and USA now increasingly finding their way to Sweden. An example of the latter is that the American company Starwood Capital bought seven trading centres from the Swedish company KF Fastigheter in November, for SEK 3.9 billion. If we are to believe the reports, this is

SEE YOU ON THE EXPO FLOOR!

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On the cover // Anette Frumerie  
Read the interview on page 30.

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Get in touch for more information on the office of the future.



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*Swedes are looking for opportunities abroad.*

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**Conference**

World Congress to Stockholm in 2016.



# Feelings and the economic cycle – looking slightly cooler

## LIKES TOUR DE FRANCE

**Name:** Magnus Alvensson.

**Age:** 50 years.

**Profession:**

Forecast Manager at Swedbank.

**At Swedbank since:** 2009.

**Leisure:** "Tour de France fanatic, both in practice and theory."



PICTURE: SWEDBANK

**SUBDUED GROWTH.** Swedbank's Forecast Manager Magnus Alvensson foresees slightly subdued growth ahead, partly a result of a more unsettled world.

■ Macro-economics is usually considered to be a science based on hard data, but in recent times, concepts such as sentiments, trust and views about the future have gained ever increasing space. Forecasts are also increasingly affected by assessments of the sentiments of various actors, and to a lesser degree by mathematical calculations and models. This is because forecasts have increasingly been wrong in recent years. Also, when information is disseminated globally in real time, feelings are also disseminated more quickly. From this perspective, what can we say about the economic cycle in the near future?

**LET US START BY DESCRIBING** the role of feelings in the economic development. The underlying idea is that when various actors feel confidence and optimism, they act and make decisions about consumption and investments. There is a self-reinforcing mechanism here: when others consume and invest, it impacts on demand and reinforces your own optimism, which results in further consumption and investments. The corresponding applies when there is a downturn. As the British say: "Misery loves company".

In recent times, global development has been characterized by ever greater uncertainty, which has its origin in a growing number of trouble spots. In the Middle East, the Syrian conflict is continuing, while Israel's Gaza conflict has flared up again, and Iraq is at risk of falling to pieces. In concrete terms, this should primarily impact on the price of oil, but is also characterizes the general feeling that risks in the global economy are increasing. The Russia/Ukraine conflict can develop more concrete and close-to-hand effects, in particular if the mutual sanctions escalate and really start to bite. However, what is first noticeable is that the sentiment in German business is deteriorating, and with this deteriorating prospects for investments in the short term.

**WEAKER GERMAN DEMAND** in turn impacts on how Swedish companies look at future demand. Swedish export industry is particularly focused on input and investment goods, and Germany is the most important market. This means that the sentiment of Swedish business is eroded and the willingness to invest is sub-

dued. Over the summer months, the Economic Tendency Survey of the National Institute of Economic Research has indicated subdued sentiment, although one does, of course, have to be careful to point at any direct causal link.

With a weaker belief in the future, the willingness of companies to take risks with recruitment also reduces. This, in turn, weakens households' view of the labour market and the perceived risk of unemployment rises. This causes a tendency for many to delay purchases that are not regarded as necessary, for example so-called household durables. The Economic Tendency Survey shows slightly weaker sentiment for households too, and the view of their own finances has deteriorated in particular. The feedback to companies occurs via a reduction in expected demand, which gives further cause for delaying any investment decision.

**THE SLIGHTLY COOLER FEELINGS** we have seen in recent times, which to some extent may be the result of a more unsettled world around us, will probably subdue economic growth in the short term. Companies and households are waiting to see. On the other hand, sentiment may change, and give rise to a positive dynamic. Also, while feelings are all good and well, concrete measures in the form of an economic policy that is fit for purpose, and the underlying strength of the workforce and companies are what will be crucial for growth in the long term. In this, there are grounds for relative optimism about the development of the Swedish economic cycle. ■



# In the middle of a STRONG MARKET

■ Reduced repo interest rate, pressure on the Swedish krona and favourable financing are some of the parameters that indicate a good future for investments in Swedish property. Anders Nyström is acting MD at Savills in Sweden, and he paints a fair picture of the autumn on the Swedish property market.

**Text:** Eddie Ekberg

**SEVERAL REPORTS AND RANKINGS PUBLISHED** in recent weeks point in the same direction; increasing interest in investing on the Swedish property market, and a growing reputation for the Swedish market.

The market is deemed to be liquid, and the risk to be low. Even reports that measure whether markets are over or under-priced assess Stockholm and Göteborg to be “hot”.

Overall, the assessment is that demand for properties in Sweden will continue to be strong over the next 18 months.

**ANDERS NYSTRÖM IS ACTING MD** at Savills in Sweden since autumn 2013. He has worked in the property sector for 19 years, mostly on the consultancy side, and has managed pension capital for companies such as Folksam Fastigheter (formerly Gyllenforssen) and Newsec Asset Management.

For most of the time since Anders Nyström joined as MD for Savills, the company has worked in a goal-oriented way to widen its range of services to become fully comprehensive.

The goal is to become the foremost international adviser in Sweden. ➤

**SEEING INCREASED DEMAND.** Anders Nyström is acting MD at Savills Sweden. He tells us that they have noted increased demand for their services, not least from international investors who want to buy properties in Sweden.



- Official name:** The Kingdom of Sweden.
- Political system:** Constitutional Monarchy, with parliamentary government.
- Head of State:** King Carl XVI Gustaf.
- Language:** Swedish.
- Population:** 9.5 million (85% live in urban areas).
- Area:** 450,000 sq.km = 174 000 sq.mi.
- Time zone:** GMT + 1 hour.
- Currency:** 1 krona = 100 öre.
- Largest cities:** Stockholm (capital), Gothenburg, Malmö.
- Noteworthy memberships:** EU since 1995, WTO, OECD.
- Most important export industries:** Mechanical engineering, automotive, information and communication technology, pulp & paper, power generation, pharmaceuticals, iron and steel, transport services and tourism.
- Most important import goods and services:** Foodstuffs, raw materials and fuels, chemical products, machinery, electrical equipment, information & communication products and services, road motor vehicles, textile products & apparel, tourism.
- Most important export and import markets:** Europe, North America and Asia.

Source: Invest Sweden

## FOOTBALL TRAINER

- Name:** Anders Nyström.
- Age:** 41 years.
- Family:** Wife and two children.
- Car:** BMW X5.
- Lives:** In central Stockholm.
- Leisure:** Football trainer for son's football team. DIY at the country house in the Stockholm archipelago.



*»I would start by looking through the property portfolio of the City of Stockholm, and try to work loose something from there.«*

» How do you think the Swedish property sector has developed in recent years?

– If you look back a number of years, international advisers such as Savills, CBRE and several others have established themselves in Sweden. It is part of globalization. And it is clear that the sector has been affected by this; in several ways, Swedish consultancy has become even more professional, and it today regarded as a perfectly self-evident and important part of the international property market.

» And the Swedish property market – how do you think it has developed?

– From an international perspective, you could say that Swedish property is felt to be more expensive than a few years ago. Property has increased in value markedly over the last few years. The actors on the buying side have in particular been Swedish institutions and private and listed property companies. In many ways, it has been a market driven by domestic capital, where capital has also been added indirectly from the institutions (headed by Rikshem, Willhem, Hemfosa, Lönnbacken and others). But only during the last year, we have seen changes, and international capital is really on its way back. In recent times, we have seen property investments from Germany, USA as well as the United Kingdom.

» Why is this?

– On the one hand, it has become easier to borrow capital; previously, the banks were not that keen on lending. Since some time back, some competing financing models have also emerged, such as various forms of bond loans, stock market introductions and preference shares. At the same time, it is a fairly limited range of properties for sale. No-one, or very few, have to sell their properties, after all. We are feeling this pressure, not least as we are beginning to receive quite a few buying assignments, which is »

**STRONG PRESSURE.** Now that the banks have opened the taps and several new financing models have started to be used, at the same time as the supply on the market is relatively small, the pressure on the Swedish property market has increased. According to Anders Nyström at Savills, this pressure will continue for at least another year and a half.

**26,000 EMPLOYEES**

Savills plc is a global property services supplier, quoted on the London Stock Exchange. The company has an international network with more than 26,000 employees at 700 offices and partner companies in North and South America, Europe, Asia and the Pacific rim, Africa and the Middle East that offer a broad range of specialist advice, management and transaction services to customer all over the world. In Sweden, Savills has around 90 employees. Savills is the fourth largest consultancy firm with property-related services in the world, and will in 2015 have been present in Sweden for ten years.



**Three tips for international investors**

- 1 Ally yourself with someone who knows the Swedish market.
- 2 Focus on segments that are not prioritized by domestic institutions (such as retail and storage/industry).
- 3 Buy development objects, however on condition that the "right" partner and capital are in place.





**GOING WELL.** The Swedish property market is liquid, and the risk is deemed to be low. The assessment is that demand for properties in Sweden will continue to be strong for a long time to come.

Office yields and rents, Stockholm

	2003 Q1	2003 Q2	2003 Q3	2003 Q4
Prime Yield	6,50 %	6,50 %	6,75 %	6,50 %
Prime Rent	4 000	3 900	3 700	3 500
	2004 Q1	2004 Q2	2004 Q3	2004 Q4
Prime Yield	6,25 %	6,25 %	6,00 %	6,00 %
Prime Rent	3 600	3 700	3 800	3 800
	2005 Q1	2005 Q2	2005 Q3	2005 Q4
Prime Yield	5,75 %	5,50 %	5,50 %	5,00 %
Prime Rent	3 900	4 000	4 000	4 000
	2006 Q1	2006 Q2	2006 Q3	2006 Q4
Prime Yield	5,00 %	4,75 %	4,75 %	4,75 %
Prime Rent	4 000	4 100	4 100	4 200
	2007 Q1	2007 Q2	2007 Q3	2007 Q4
Prime Yield	4,50 %	4,50 %	4,50 %	4,50 %
Prime Rent	4 200	4 200	4 300	4 300
	2008 Q1	2008 Q2	2008 Q3	2008 Q4
Prime Yield	4,50 %	4,75 %	5,25 %	5,50 %
Prime Rent	4 400	4 500	4 500	4 300
	2009 Q1	2009 Q2	2009 Q3	2009 Q4
Prime Yield	5,50 %	5,75 %	5,75 %	5,50 %
Prime Rent	4 000	3 800	3 750	3 750
	2010 Q1	2010 Q2	2010 Q3	2010 Q4
Prime Yield	5,50 %	5,50 %	5,25 %	5,00 %
Prime Rent	3 850	4 000	4 200	4 500
	2011 Q1	2011 Q2	2011 Q3	2011 Q4
Prime Yield	5,00 %	5,00 %	5,00 %	5,00 %
Prime Rent	4 500	4 700	4 700	4 700
	2012 Q1	2012 Q2	2012 Q3	2012 Q4
Prime Yield	5,00 %	4,75 %	4,75 %	4,75 %
Prime Rent	4 650	4 600	4 600	4 600
	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Prime Yield	4,75 %	4,75 %	4,50 %	4,50 %
Prime Rent	4 600	4 600	4 800	4 800
	2014 Q1			
Prime Yield	4,50 %			
Prime Rent	4 800			

Transaction volume	MSEK	Nordic	International	Total foreign investments
2003	85 000	2000	57000	59000
2004	95 000	11000	17000	28000
2005	117 000	31000	23000	54000
2006	155 000	30000	34000	64000
2007	151 000	29000	44000	73000
2008	162 000	13000	26000	39000
2009	58 000	3000	2000	5000
2010	116 000	9000	4000	13000
2011	98 000	3000	11000	14000
2012	108 000	4000	13000	17000
2013	100 000	5000	9000	14000

Source: Savills

- › often a sign of a good market. We assess that this pressure on the market will remain for at least another year and a half.
  - › What is the financial situation in Sweden like, compared to the rest of Europe?
    - Sweden is one of a handful of countries in Europe, for example the United Kingdom and Ireland, that are doing really well. In Spain and Italy, for example, things are much slower, but even there a turnaround is on the way.
  - › And if you compare our property market with the Europe?
    - What we have noticed is that it is possible to find buyers all over Sweden, even in smaller places. This provides security for investors, as they can feel that it is always possible to get out when it is time to sell. Our principals also state that they want to buy more property here, and this also means different types of properties, such as housing property. This characterizes a belief in the future.
  - › Which segment do you think foreign investors will look to next?
    - Hotel properties have been hot for some time now. We have seen major deals with Norwegian investors, for example. Seen

- from a lifecycle perspective, hotel properties are a good asset. Long contract periods, minimal risk of vacancies and limited maintenance investment create secure cash flows.
  - › Are there any segments that have been missed?
    - It think that retail is an undervalued segment. We have had a durable price adjustment since the financial crisis in 2008. Values have not risen as quickly.
  - › From where will future investments come in the first instance?
    - Probably from Germany, England and the USA. We will also be seeing Norwegian capital, and I do not think we have seen the last of the Danes either.
  - › So who have missed out on Sweden then?
    - There should really be more from Asia and the Middle East. Our sister company CordeaSavills has, it is true, started to receive more capital, to invest in Sweden.
  - › What are the challenges facing the property market in Sweden in the near future?
    - A large part will be to succeed in attracting the best talent to the property market. It is unfortunately still the case that many

- young, good newly qualified stars are not tempted by the property sector, but instead seek out the finance sector. This is a pity, as these sectors are in many ways linked these days.
  - › What characterizes people in the Swedish property sector?
    - The image of Swedish property consultants is that we are hard-working and reliable. I would like to claim that we have a good reputation in Europe.
  - › If you were to tip off an international investor about a really good investment in Sweden, what would that be?
    - I would expand their views to outside Stockholm, Gothenburg and Malmö. Pass on chasing the same objects as Swedish institutions.
  - › Finally, what do you think about the consultancy market in Sweden – is it saturated, or is there room for more companies?
    - It seems as though there is room for more; many property owners manage many parts themselves, after all, such as letting and transactions. I would like to see the big property companies delegating some of the services to external consultants. I think there is a great potential there. ■



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

# How will the market develop in the coming year?



**ULRIKA LINDMARK**  
Newsec

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

– The repo interest rate will remain at the current extremely low level as a result of weak inflationary pressure. The downside of this is that the risk of asset bubbles increases, in particular in the housing market, but the market for commercial property is also impacted.

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

– Business in Stockholm is continuing to develop well, which leads to more job opportunities. The winners are, in particular, subsidiary office markets, with a high proportion of modern offices and good communications. In Stockholm CBD, several of the major banks have started or completed relocation of the entire operation, or parts of it, to centrally located suburbs. But this is not expected to affect vacancy levels noticeably over the next few years, as property owners in several cases have chosen to initiate major projects for the properties affected.

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

– Rents are expected to rise marginally, in a one-year perspective. However, there are a number of subsidiary markets where the rental potential is clear. Office premises that have been modernized, in locations close to communications in the

western City area and outside Stockholm CBD, have seen greatly increased rents. This development is expected to continue, as the opportunities for new construction in Stockholm CBD and its proximity are extremely limited. Subsidiary markets too, such as Arenastaden, Hagastaden and central Sundbyberg, where communications will improve over time and new production objects are being completed, are expected to show rising rents over the next year.

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

– Low interest rates and good access to capital mean that yields are at low levels. But these levels are historically low, and will be pushed upwards as interest rates rise and the extraordinary monetary policy stimulation will reduce over time. It is mainly in the peripheral areas where the chances of further yield reductions are the greatest. Here, yields have already declined to a large extent, but there is some potential in good suburban locations to push them further downwards.

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

– We will be seeing continued great interest from foreign investors over the next year. The interest is aimed primarily at properties outside the prime segment, where yields are low in international comparison. Trade and logistics, also outside Stockholm, are segments that are much in demand. Despite this interest, foreign investments will remain at a modest level, due to great competition from domestic investors.



**PETER WIMAN**  
Savills

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

– At the July meeting of Riksbanken, the interest rate was reduced to 0.25 %, which means that there is only very limited room to play with in the future. Instead, it is probable that the interest rate trajectory will be adjusted, which means that we will see a longer period of low interest rates.

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

– The level of vacancies is stable at around 5 %. We assess that it will remain stable in the short term. Despite the fact that a number of major relocalizations from Stockholm CBD will take place, these vacancies are relatively well distributed over time, which means that we will not see a major increase in vacancies during any individual year for the next few years.

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

– The vacancy level is assessed to be stable, upcoming additions are few and there is stable demand; three factors that indicate that market rents will be stable in central Stockholm over the short term. However, the major office moves will give tenants in the city the opportunity to consider their premises use, as alternatives will be available. Some subsidiary markets are, however, in a much more difficult situation, such as Frösunda and Kista, for example,

where the markets are much weaker and the vacancy levels are high, which is putting pressure on rents.

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

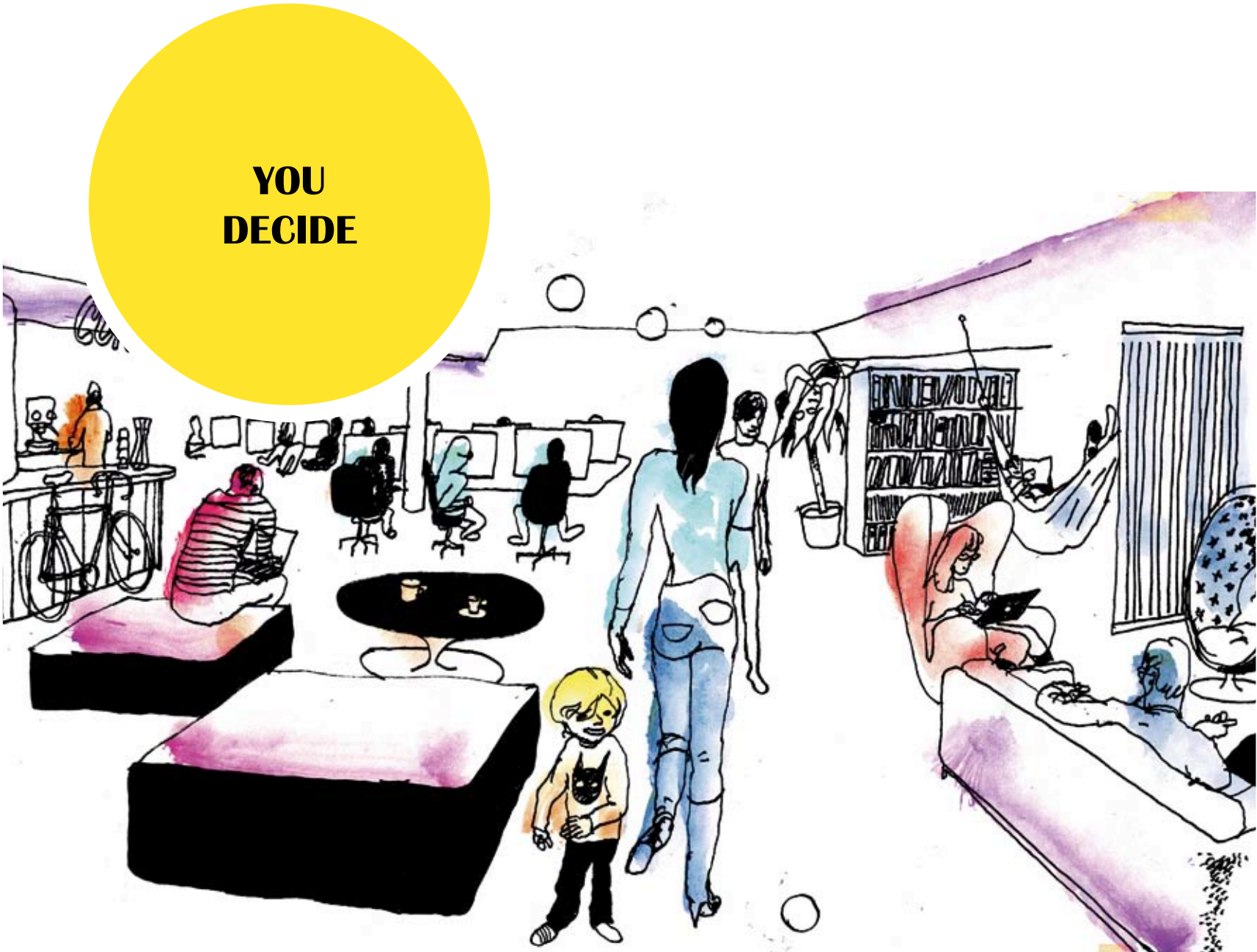
– The lack of supply is still obvious within nearly all segments, which indicates continued low yield levels for all but the very most attractive objects. For lack of “perfect” investments, many buyers are forced to widen their preferences, which should create continued pressure on secondary objects. The significantly improved financing situation should also mean that portfolio transactions continue to increase in number.

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

– Since the financial crisis in 2008, international investments have varied within the interval 10–15 %. There is no lack of interest in investments in Sweden – instead rather the opposite – but Sweden is perceived as being relatively expensive, financing costs are relatively high and there is also the added cost of currency hedging for nearly all of the buyers. The international actors will probably continue to be successful in acquiring trading properties and logistics. ▶

*»The lack of supply is still obvious within nearly all segments.«*





**KARIN WITALIS**  
DTZ Sweden

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

– The Swedish economy is gradually strengthening but at the same time inflation is very low. The repo rate was lowered to 0.25 per cent in July and according to the Riksbank, the repo rate needs to stay low for some time to support the recovery to ensure that inflation rises towards the target. The most likely scenario is for the Riksbank to keep rates unchanged until late 2015, before starting a gradual increase.

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

– The Swedish labour market is improving and employment is now forecast to rise by around 1 per cent per year in 2014–2018. Stockholm's labour market may well perform stronger, being the engine of growth. Occupier demand is focused mainly on high quality space in good locations. This speaks in favour of falling vacancy rates in the inner city and in attractive suburban locations. Across Greater Stockholm outdated offices are turned into residential and this helps keeping the overall vacancy rate from rising.

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


– The outlook for rental growth in Stockholm, and the CBD in particular, is good. Construction activity will return over the coming years, but since office space is also taken off the market,

the net new supply in 2014–2016 is only 2.8 per cent. Our base case scenario is for prime office rents to rise in the years to come. However, demand is patchy and in less attractive locations rents are more likely to remain stable than rise.

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

– Debt lending is possible and alternative financing is also available. There are currently more buyers than sellers. Prime assets are in short supply, and as a result we expect investors to be increasingly willing to consider stock with more active management potential, at least in the core markets. We expect prime yields to remain broadly stable but yields on good secondary stock to come in.

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

– In terms of nationality the Swedish investors were clearly over-represented with 87 per cent of the capital invested in the first half of 2014. Although the proportion of Swedish buyers remains high, there is a strong interest from foreign investors, particularly when larger deals are coming out on the market. 

*»The outlook for rental growth in Stockholm, and the CBD in particular, is good.«*

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# NEWS IN BRIEF

by Eddie Ekberg

## American architects design the tallest building in Nordic countries

**BUILDING/ARCHITECTURE** The US architects Skidmore, Owings & Merrill (SOM) will design the tallest building in the Nordic countries. The skyscraper Polstjärnan, at 230 metres, will be built on Lindholmen in Gothenburg.

– We are very pleased to have won this prestigious competition and are proud to have the opportunity to create a spectacular building and city quarter for the people of Gothenburg, says Kent Jackson, Design Director at SOM. Skidmore, Owings & Merrill have their head office in Chicago and have designed six of the 15 tallest buildings in the world. This is the first time they are designing anything in the Nordic countries. Among other objects, the architects designed the Hancock Building in Chicago in 1969 (344 metres) and the world's tallest building Burj Khalifa (826 metres).

– The skyscraper will be completed by 2019, and the entire area consisting of approximately 200,000 square metres of mixed city buildings, will be completed by Göteborg's 400th anniversary in 2021, says Ola Serneke, initiator and MD of Serneke Group.



Ola Serneke.



PICTURES: SKIDMORE, OWINGS & MERRILL



The jury's choice fell on the proposal by the US architects Skidmore, Owings & Merrill (SOM).

## NP3 makes major purchase from Kungsleden

**TRANSACTIONS** NP3 is buying 38 properties from Kungsleden for SEK 760 million.

Kungsleden is thereby quitting ten locations in Norrland, and is now aiming to become an active buyer again.

– With the acquisition of a portfolio of this size, we are further reinforcing our position as an important actor on the Norrland market. The purchase has given us a strong presence in Umeå, among other places, says Andreas Nelvig, MD of NP3 Fastigheter AB.



Andreas Nelvig.



Biljana Pehrsson.

– We are happy to have successfully sold properties at a total profit of around SEK 170 million during the first six months of the year.

– We have utilized the favourable market situation and carried out the return to core quicker than planned, at good prices. With the sale in Norrland, we are now taking the next step in our strategy and becoming active buyers again, says Kungsleden's MD Biljana Pehrsson.

## Stena wants to sell all in London

**TRANSACTIONS** Recently, Stena Fastigheter sold one of its four office properties in London, at a profit of 30 per cent. Christel Armstrong Darvik, MD, is now raising the possibility of selling the other three properties.

– The market is so volatile here in London that I am keen to sell our other three properties at the same price level, says Christel Armstrong Darvik to Dagens Industri.

At the same time, she tells DI that they are not planning any more purchases in London at the moment. Instead, they are looking for properties in the Netherlands, where prices have fallen by 25–30 per cent.



Christel Armstrong Darvik.

PICTURE: STENA FASTIGHETER

## Aviva and Lasalle making their first purchases in Sweden

**TRANSACTIONS** Aviva Investors and Lasalle Investment Management are buying the trading property Stansen 1 in Häggvik, Sollentuna.

It is the duo's first purchase of a trading property in Sweden.

The duo is buying the 17,500 square metre property via an open-ended fund. The seller is the USB fund 3Sector Real Estate Europe Fund, which bought the property from Bonnier Fastigheter in 2008. Genesta is acting as the "local operating partner" for Aviva/Lasalle.

The major tenants are Coop, Jysk, Jula and Blomsterlandet.

The fund is looking for investments in the core-plus segment.

## Skanska selling for half a billion in USA

**TRANSACTIONS** Skanska is selling an office property on 1776 Wilson Boulevard in Virginia, USA, for around SEK 585 million. The buyer is Invesco Advisers, Inc.

Skanska acquired the plot in May 2010, and the five-storey property is entirely financed by company funds. When the building was finished in November 2012, it was the first commercial property in Arlington, Virginia, to be certified to the highest Leed level, Platinum.



Skanska is selling an office property for SEK 585 million in Virginia, USA.

PICTURE: SKANSKA

### Malmö has the best property climate in Sweden

**SWEDEN** The most favourable conditions for operating a property company can be found in Malmö. But they are still not good enough. This is shown in a survey that compares the property entrepreneurship climate in Sweden's three largest cities. In Stockholm, Göteborg and Malmö, dissatisfaction is continuing to increase. The general trend for the three cities is that the index is falling. When measurements started in 2009, the major city index was 100. At the most recent measurement, it had fallen to 89.

### Skanska is selling in Hungary

**TRANSACTIONS** Skanska is selling the office property Green House in Budapest, Hungary, for around SEK 323 million.

The buyer is the Hungarian property fund Torony Real Estate Investment Fund, which is managed by Diófa Fund Management, part of FHB Group.

Green House is Skanska's sixth office investment in Budapest. The property, which is located in central Budapest, has 17,800 square metres of lettable office space and was completed in December 2012.

### Fabege is selling for SEK 853 million in Stockholm city centre

**TRANSACTIONS** Fabege has sold the site leasehold Duvan 6 to Mengus and the site leasehold Lammet 17 to Slussgården. The value of the deals amounts to SEK 853 million.

Duvan 6 is located on Klara Södra Kyrkogata 1 in Stockholm and covers a lettable area of 9,670 square metres, consisting mainly of offices.

– This investment suits us perfectly, as it is our business concept to acquire office properties in Stockholm with potential for value creation, says Henric From, MD of Mengus.



Henric From.

PICTURE: MENKISTOJESON

### Dunkin' Donuts opens in Sweden

**SWEDEN** The café and restaurant chain Dunkin' Donuts will be investing largely in order to have established upwards of 50 units throughout Sweden within five years. The first will be opening in Stockholm this autumn.

Dunkin' Donut's investment is made via a franchise agreement signed with Coffee & Brands Sweden AB, which will be operating all the units itself.

Dunkin' Donuts, which was founded in 1950, has currently almost 33,000 restaurants in 33 countries and is listed on Nasdaq, DNKN.

### Deal worth millions at Stockholm Arlanda Airport

**TRANSACTIONS** Swedavia is selling the company that owns the hotel property at Arlanda Airport to Storebrand Fastigheter. The transaction is made at an underlying property value of SEK 1.1 million, with an option for an additional sum.

With this sale, Swedavia makes a capital gain in the region of SEK 350 million. Completion is planned for 18 June 2014.

The hotel property covers 414 hotel rooms, 44 meeting rooms and two restaurants with direct connection to the airport terminals.

The adviser in conjunction with the sale was DTZ.



Karl Wistrand, Deputy MD and Torborg Chetkovich, Group CEO in front of the hotel building at Stockholm Arlanda Airport.

PICTURE: SWEDAVIA

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High pressure prevails on the transaction market in Sweden, and in Stockholm in particular. Peter Wiman of Savills also predicts that the second half of this year will be very strong.

**TRANSACTIONS** The average transaction size in Sweden has increased significantly, from around SEK 210 million to just under SEK 300 million during the last quarter.

- The average transaction size is comparable to the previous boom on the property market, and is probably a direct result of an increased appetite for risk, very good availability of equity, and continuing improved opportunities for finding financing of property

investments, says Peter Wiman, Chief Analyst at Savills in Sweden.

The transaction volume during the second quarter amounted to almost SEK 41 billion, which was an increase by as much as 31 per cent compared to the same quarter last year. On a six-monthly basis, the transaction volume increased by 41 per cent compared to the first six months of 2013. The transaction tempo,

measured as the number of deals completed, also continued to increase, with an increase of just over five per cent during the last quarter.

- We expect that the transaction market will continue strong during the second quarter, and it is not impossible that we will be able to register transaction volumes well comparable to the top years 2006 and 2007 by the end of the year, comments Peter Wiman.

## Akelius is buying 741 properties in Berlin

**TRANSACTIONS** Akelius is buying 25 properties in central Berlin. The majority of the properties are located in Neukölln, Schöneberg, Kreuzberg, Prenzlauer Berg and Wedding.

The price was SEK 15,700 per square metre.

With this purchase, Akelius has 9,700 flats in Berlin, and a total of 18,000 flats in Germany.

- An important part of Akelius' strategy is to buy

exactly the right properties, cherry picking. It is rare for a portfolio of 25 properties to be of such a high quality that it passes our assessment. In this case, we bought each individual property through individual deals. It is our ambition to continue to grow in Germany, and preferably in Berlin. We will probably have more than 10,000 flats in Berlin by the end of the year, says Pål Ahlsén, MD.



Pål Ahlsén.

## Hemsö is buying in Berlin and Cologne

**TRANSACTIONS** Hemsö is buying an old people's home on Uhlsteinstrasse in Berlin and an old people's home on Neusser Strasse in Cologne at a combined value of SEK 225 million.

- With these acquisitions, Hemsö is further reinforcing its position as a long-term and stable owner of old people's homes in Germany, says Per Berggren, Hemsö's MD.

Following these purchases, Hemsö owns 22 old people's homes in Germany, allocated over nine operators, at an overall property value of SEK 1.8 billion.

The sellers are two subsidiaries of the quoted property company Conwert.



Per Berggren.

## Steen & Ström are selling for SEK 3.2 billion

**TRANSACTIONS** Steen & Ström are selling five of their Swedish shopping centres for SEK 3,250 million.

The buyer is a subsidiary of Olav Thon Eiendomsselskap ASA, which is part of the Olav Thon Group (Norway's largest private property owner).

Leimdörfer was the sole advisor to Steen & Ström, and Wistrand assisted Olav Thon.

- The fact that Olav Thon Gruppen, Norway's largest private property owner, is buying is new proof of large foreign actors' appetite for investment in shopping centres in the Nordic countries, says Leimdörfer's MD, Erik Eliasson.

Steen & Ström is owned by the French company Klépierre (56 per cent) and the Dutch company APG (44 per cent).



Sollentuna Centre is one of five Swedish shopping centres sold by Steen & Ström.

## Balder is buying out GE Capital Real Estate

**TRANSACTIONS** Balder and GE Capital Real Estate have co-owned two properties in Stockholm since 2007 and 2008. Balder is now buying out GE. The property value of the deal is SEK 1,250 million.

The properties are Stockholm Göta Ark 18 and Stockholm Årsta Ång 4 and 6, in Medborgarplatsen and in Marievik respectively.

The properties cover around 51,000 square metres.

The total property vale has been estimated at around SEK 1,250 million.

Leimdörfer was the adviser to the seller GE Capital Real Estate.



AMF Fastigheter is selling Gårda 13:6 and thus leaving the Gothenburg property market.

### AMF IS SELLING FOR MILLIONS AND LEAVING GOTHENBURG

**TRANSACTIONS** AMF Fastigheter is selling the office property Gårda 13:6, located in the Gårda area around 1 kilometre from Gothenburg Central Station. The selling price amounts to around SEK 950 million. With this, AMF Fastigheter has sold the last remaining property in Gothenburg. Its ownership will now be concentrated to the Stockholm area.

The buyer is Niam.

Catella advised AMF Fastigheter in the deal.

### SWEDEN HIGHLY RANKED IN GLOBAL ANALYSIS

**SWEDEN** In its latest report study, TIAA Henderson Real Estate (TH Real Estate) makes an analysis of the global property market. Sweden comes towards the top of the ranking.

All 15 countries (USA, Australia, Netherlands, Canada, France, Sweden, Hong Kong, Germany, Singapore, Japan, Austria, Spain, Italy and China) have been judged on five criteria. Sweden takes fourth place in the ranking for 2013, which is one place higher compared to 2012.

### AKELIUS IS MAKING ITS FIRST PURCHASE IN PARIS

**TRANSACTIONS** Akelius has now bought its first property in Paris. It is a smaller property with 40 flats.

The property is located in the 18th arrondissement, four kilometres from central Paris.

The property was built in 1900 and has 40 flats.

It is Akelius' ambition to build up as successful an operation in Paris as in Germany and Sweden.

### THE INDUSTRY BELIEVES IN RISING PRICES

**SWEDEN** The number of companies that believe in rising prices on the commercial property market is increasing markedly. This is shown in PwC's Fastighetstempen survey, which is based on interviews with decision-makers in Swedish property companies.

- Many are expecting continued positive price development. There are probably differences depending on both geography and type of property, although more and more are opening their sights to investments outside the major city regions, says Robert Fonovich, head of Real Estate within PwC.



Robert Fonovich.



■ In November last year, the American company Starwood Capital Group made its first investment in Sweden when it bought seven shopping centres from KF Fastigheter for SEK 3.9 billion. With this deal, Starwood reaches the top of our list of the ten biggest foreign buyers. (The figures are provided by Newsec.) **Text:** Eddie Ekberg

# Starwood in top of foreign buyers list

**Top 10** // Foreign buyers during 2013 to 2014 Q2

**1 Starwood Capital Group**  
**MD:** Barry S. Sternlicht.  
**Volume:** MSEK 3,900

In November last year, it was communicated that the American company Starwood Capital Group had bought seven shopping centres covering a total of 205,000 sq m from KF Fastigheter for SEK 3.9 billion. Among the shopping centres included are Bromma Blocks, located just west of central Stockholm, and Bäckebol Köpcentrum, located just north of central Gothenburg. For Starwood Capital, this is the first property investment in the Nordic countries.

**2 Olaf Thon Gruppen**  
**Group CEO:** Dag Tangevald-Jensen.  
**Volume:** MSEK 3,250

The Norwegian company Olav Thon Gruppen made a real break onto the Swedish market when, in June 2014, they acquired five Swedish shopping centres from the Norwegian company Steen & Ström. The purchase price for the portfolio, which covers a total lettable area of 123,000 sq m, amounted to SEK 3.25 billion. The deal was thus the largest acquisition to date by a foreign actor during 2014. The shopping centres included in the deal are Sollentuna Centrum in Sollentuna, Mirum Galleria in Norrköping, Mitt i City Gallerian in Karlstad, Etage in Trollhättan and Familia in Hyllinge outside Helsingborg.

**3 KLP Eiendom**  
**Group CEO:** Sverre Thornes.  
**Volume:** MSEK 1,618

KLP Eiendom, a wholly owned subsidiary of KLP, which is Norway's largest life insurance company, acquired the office and retail property Torsplan in Hagastaden in central Stockholm from NCC in the summer of 2013. The total lettable area amounts to around 30,000 sq m. Offices make up just over 70 per cent of the lettable area. The properties also include an underground garage with just short of 280 parking places. At the time of purchase, the proportion let was 84 per cent.

**4. SPP**  
**MD:** Sarah McPhee.  
**Volume:** MSEK 1,617.

SPP, which is part of the Norwegian company Storebrand Group, has carried out three acquisitions since the beginning of 2013. The most noticeable of these was the company's acquisition of Clarion Hotel at Arlanda Airport, which was done in June 2014. The new hotel property at Stockholm's Arlanda Airport was completed in October 2012.

**5. Aberdeen Residential Sweden**  
**Fund Manager:** Fredrik Eliasson.  
**Volume:** MSEK 1,425.

At the end of summer 2012, Aberdeen Asset Management notified that they had raised just under SEK 1 billion in its first closure of its housing product for institutional investors, Aberdeen Residential Sweden. Since then, the fund has made two major acquisitions. The largest acquisition was a housing portfolio in the Öresund region.

**6. Nordic Real Estate Partners**  
**MD:** Mikkel Bülow-Lehnsby.  
**Volume:** MSEK 1,200.

Over the period, NREP has completed a large number of acquisitions in Sweden, as well as in the rest of the Nordic countries. The Swedish acquisitions have primarily been made via the company's retail fund, NREP Nordic Retail 2.

**7. Invesco Real Estate**  
**MD:** R. Scott Dennis.  
**Volume:** MSEK 1,190.

Invesco Real Estate together with Scius Partners acquired a part of Entré Lindhagen on Kungsholmen island in central Stockholm for SEK 1 billion in May 2014.

**8. Home Properties**  
**MD:** P-O Karlsson.  
**Volume:** MSEK 1,000.

Home Properties, which is owned by Petter Stordalen,

acquired three Nordic hotels in June 2013. Of these, one is located in Sweden, the hotel property Amaranten on Kungsholmen island in Stockholm.

**9. Host Hotels & Resorts**  
**MD:** W. Edward Walter.  
**Volume:** MSEK 950.

The American company Host Hotels & Resorts acquired the Sheraton building in central Stockholm during autumn 2013. The property, with the registration name Snäckan 7, covers 22,000 sq m allocated over 454 rooms.

**10. Rockspring**  
**MD:** Robert Gilchrist.  
**Volume:** MSEK 771.

The British company Rockspring made its entry onto the Swedish property market in November 2011. Rockspring, together with Vencom, were responsible for a major acquisition in June 2013, when Lidingö Centrum was acquired from Vasakronan for SEK 771 million.



PICTURES: BROMMA BLOCKS

**FIRST PURCHASE.** Bromma Blocks is one of the seven shopping centres that Starwood bought from KF Fastigheter in November.



PICTURE: STARWOOD CAPITAL

**HAS SWEDEN ON THE RADAR.** Zsolt Kohalmi is the US company Starwood Capital's European transaction manager. "We are feeling ready for more business," he says.

# “We want to do more business in Sweden”

■ The purchase of the seven shopping centres from KF Fastigheter in November was Starwood's first business in the Nordic countries and Sweden – but probably not the last.

– We are of course still looking for investment opportunities in Sweden. Either complements to the portfolio we have already bought, or a completely new portfolio, says Zsolt Kohalmi, Starwood's transaction manager in Europe. **Text:** Eddie Ekberg

**THE US COMPANY** Starwood Capital Group is one of the world's largest property investors – and they have Sweden on the radar.

– Sweden is one of our top markets in Europe. We're feeling ready for more business, says Zsolt Kohalmi.

› **What is it you like about the Swedish property market?**

– There are several things. We like the country's stable economy and the fact that Stockholm has a strong population increase,

with lots of young people and strong purchasing power. In many places in Europe, we are seeing the exact opposite development. The Swedish market is also easy to understand, everybody speaks good English and the sector is very professional.

› **What have you done with the portfolio you bought in November?**

– We're working actively with our Swedish partner Vencom to carry out improvements, both in terms of trading areas and the tenant

mix. We see great opportunities in this portfolio.

› **What is Starwood's transaction strategy?**

– We like big deals and portfolios where there are opportunities to make improvements that lead to an increase in value.

› **What are your transaction plans for Sweden in the near future?**

– I can of course not tell you our plans in detail. But it's quite clear that we have shown that we are a major actor to count on in Sweden, which makes it easier for us to continue to do business.

› **What types of properties are you interested in?**

– We look at all sectors where there are opportunities; it doesn't have to be trade. It could just as well be offices or housing.

› **Will you be opening an office in Stockholm?**

– No, at least we don't have any plans at the moment. We rely on our partners and advisers. **█**



# Largest transactions

(The figures are provided by Newsec)

## Top three Stockholm 2014 Q2

1

**Buyer:** SISAB.  
**Seller:** Akademiska Hus.  
**Property:** Konradsberg Campus on Kungsholmen island, Stockholm, which was bought by the City of Stockholm school property company SISAB.  
**Price:** SEK 2 048 million.

2

**Buyer:** SPP.  
**Seller:** Swedavia.  
**Property:** Clarion Hotel Arlanda. The hotel has 414 rooms and covers a total lettable area of 21,886 sq m.  
**Price:** SEK 1 100 million.

3

**Buyer:** Invesco Real Estate.  
**Seller:** Skanska.  
**Property:** Part of the office project "Entré Lindhagen" on Kungsholmen island, Stockholm. The property is fully let to Skanska, which has its head office there.  
**Price:** SEK 1 000 million.

## Top three Gothenburg 2014 Q2

**Buyer:** Niam.  
**Seller:** AMF.  
**Property:** The office property Gårda 13:6 in central Gothenburg. TeliaSonera rents all the premises.  
**Price:** SEK 950 million.

**Buyer:** Stena Fastigheter.  
**Seller:** NCC.  
**Property:** The SCA House containing 25,000 sq m of offices, which are currently under construction in Mölndal Centre, just south of central Gothenburg.  
**Price:** SEK 868 million.

**Buyer:** Vasakronan.  
**Seller:** NCC.  
**Property:** The office project Ullevi Park stage 4, also known as Växhusen, which is located in central Gothenburg. The property is fully let to Sweco, PwC, Fitness24-Seven and Condeco.  
**Price:** SEK 860 million.

## Top three Öresund 2014 Q2

**Buyer:** Hemsö.  
**Seller:** Niam.  
**Property:** Portfolio of government agency property. The properties are located in Stockholm, Solna, Lund and Malmö.  
**Price:** SEK 2 000 million.

**Buyer:** Estancia Fastigheter.  
**Seller:** North Bridge.  
**Property:** Lund Business Park, located just outside central Lund, covering 70,000 sq m of premises.  
**Price:** SEK 350 million\*.

**Buyer:** Estancia Fastigheter.  
**Seller:** Fastighets AB Brigen.  
**Property:** The retail and housing property Sankt Botulff 11, located in central Lund, covering 4,880 sq m.  
**Price:** SEK 109 million.

\* The purchase sum is estimated by Fastighetssverige.

Source: Newsec

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# Top-ranked Stockholm attractive to investors

■ Stockholm is world-leading in areas such as sustainability, health, security, safety and technological maturity. This is shown in PwC’s latest Cities of Opportunity report. According to Robert Fonovich, head of Real Estate at PwC, these parameters are important for Stockholm to be seen as an attractive investment option. **Text:** Eddie Ekberg

**THE CITIES OF OPPORTUNITY REPORT** analyses 30 selected cities on the basis of ten areas that define power of attraction and growth potential. The sixth edition of the report shows that Stockholm is world-leading within the Sustainability area and within the Health, Security and Safety area. As a whole, Sweden is ranked seventh of the top-ranked capitals and is, together with London and Paris, one of the three top-ten European cities.

– The report confirms Stockholm’s strong position, and it is very satisfactory that Stockholm, together with London and Paris, confirms its position in the top layer. The top ranking within the environmental area and when it comes to Stockholmer’s access to good healthcare, safety and security shows that our investments have produced results. The analysis also shows that it is right for us to focus further on our challenges in the schooling system and to increase the international accessibility, says Sten Nordin (M), Finance City Commissioner and Chairman of Stockholm City Executive Board. ➤



**SECURE AND SUSTAINABLE.** Stockholm is world-leading in areas such as sustainability, health, security, safety and technological maturity. This is shown in PwC’s Cities of Opportunity report. According to Robert Fonovich, head of Real Estate at PwC, this is an important factor for international actors choosing Stockholm as a goal for their investments.

**AREAS IN CITIES OF OPPORTUNITY WHERE STOCKHOLM IS WITHIN THE TOP THREE:**

- Technological maturity: London and Seoul (shared first place), **Stockholm**.
- Health, security and safety: **Stockholm**, Sydney and Toronto (shared second place).
- Sustainability: **Stockholm** and Sydney (shared first place), Paris and Berlin (shared third place).

**OTHER AREAS WITH EACH TOP-THREE PLACED CITIES:**

- Intellectual capital and innovation: Paris, London, San Francisco.
- Transport and infrastructure: Singapore, Toronto, Buenos Aires and Seoul (shared third place).
- Financial centre: London, Beijing, New York.
- Business climate: Singapore, Hong Kong, New York.
- Cost level: Los Angeles, Chicago, Johannesburg.
- Demography and living standard: Sydney, London, San Francisco.
- International accessibility: London, Beijing, Singapore.

**ABOUT THE SURVEY**

Cities of Opportunity is based on public data from global development organisations, such as the World Bank and the International Monetary Fund, national statistics organisations, such as National Statistics in the United Kingdom and the Census Bureau in the USA, and also statistics companies. Data was collected during the third and fourth quarters of 2013. The points methodology has been developed to guarantee openness and simplicity for readers as well as comparability between cities.





PICTURE: PwC

*»We would surely have lost a lot of investment if we had not been top of the list in these areas.«*

➤ – **CITIES OF OPPORTUNITY HIGHLIGHTS** that the cities that reach top ranking succeed in finding a balance between areas that attract both people and companies. The report is constantly being developed in order to reflect a changing world. However, it is clear that the ten top-ranked cities remain the same, and that they are pulling away and accelerating their power of attraction, says Peter Nyllinge, MD of PwC, and continues:


– The fact that Stockholm is an attractive city is constantly confirmed in our relationships with clients the world over. It is therefore not surprising that Stockholm is compared to cities such as London and Paris when it comes to issues of attractiveness on the global stage.

**ACCORDING TO ROBERT FONOVIKH**, head of the Real Estate business area at PwC, the fact that Stockholm is placed high within these rankings is an important and sometimes crucial reason when major investors are choosing where to invest.

– It could be said that some of these areas are “hygiene factors”

that have to be fulfilled in order to qualify as an investment option at all. It could also be said that for the more long-term actors, factors such as sustainability, for example, are extremely important. They would never invest in anything that is not sustainable over the long term; this has been written into the company policy. So it could justly be said that we would surely have lost a lot of investment if we had not been top of the list in these areas, says Robert Fonovich.

**ROBERT FONOVIKH THINKS** that Stockholm should be able to be even better at talking about the city’s strengths.

– Of course there are always areas for improvement. For example, in marketing that we are world-class in these areas. The city could also be better at marketing the various large city development projects that are in progress; for example Norra Djurgårdsstaden, Nacka, Barkarby, and so on. We do not often see international actors joining in with city development projects here; this is where we could become better, says Robert Fonovich. 

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The value of investments and the income from them can go down as well as up and you may get back less than the amount invested.





# Newly listed Besqab to rise to new heights

After 17 years at JM and two at Skanska, she spent 18 months bringing the construction company Besqab to the stock exchange. And now, Anette Frumerie, MD of the newly listed company, is more *enthusiastic* and *energetic* than ever before – now Besqab’s rate of building will double.

*Text:* Eddie Ekberg // *Picture:* David Schmidt/Pixprovider

Anette Frumerie is the MD of the construction company Besqab, which was listed on the Stockholm Stock Exchange in the middle of June.

› What do you feel the journey to the listing has been like?

– It has been a very instructive and intensive journey, which has taken a year and a half. It has been like a major project with a clear goal. But for Besqab as a company, the listing doesn’t bring any dramatic changes, it was and is a very well-run company that has worked according to stock exchange rules for a long time. The listing process has also developed Besqab further as a company.

» Our plan is to double the number of construction starts over the next two years, from 200 to 400 per year.«

› How often do you check the share price?  
– As often as I need to. I probably did it a bit

extra on the listing date, when the share rose by 15 per cent.

› What is the difference for you, now that you are running a listed company?

– When it comes to the business side, there is hardly any change at all; we shall continue to do in the future what we have done successfully in the past. On the other hand, things will change a bit when it comes to information to the media and reporting. For myself, I feel part of a fantastic team, where the management group at Besqab consists of people that make my work easier every day.

› Is this a personal goal you have achieved, now that you are the MD of a listed company? ›

**LOYAL.** Having spent 17 years at JM, Besqab’s MD Anette Frumerie can justly be described as a loyal person. She would like to stay a long time at newly listed Besqab: “The journey has only begun,” she says.

## MENTOR

**Name:** Anette Frumerie.

**Age:** 45 years.

**Family:** Husband and three children.

**Grew up in:** Tyresö, just outside Stockholm.

**Lives:** House on Lidingö.

**Car:** Audi.

**Education:** Four years at Åsö Technical Upper Secondary School, Chartered Civil Engineer from the Royal Institute of Technology, the Chartered Engineering Programme at the Stockholm School of Economics and estate agent training.

**Career in brief:** 17 years with JM, among them a member of the group management team, two years as MD of Skanska’s residential property development in the Nordic countries, and since November 2012 MD for Besqab.

**Reads:** Novels.

**Watches TV:** “Extremely little, but news sometimes.”

**Other assignments:** Member of the board of Bofrämjandet, an industry interest group, mentor to several younger colleagues in the industry.

**Bonus:** Good at handicrafts, such as knitting, crocheting and embroidery.





## 10 quick questions

- 1. What makes you angry?** "Car queues, they make me swear."
- 2. You're given 100 million kronor and have to invest them straight away, what would you do?** "Phone Gunnar Lindberg at Alfred Berg, he is a member of Besqab's board too. He is very wise and could give me good advice about where to invest."
- 3. What is your greatest extravagance?** "Shawls, I have lots of different ones."
- 4. Do you believe in God?** "Yes."
- 5. What is your favourite gadget?** "My mobile, and an app called What's App, which makes it easy for me to stay in contact with people."
- 6. Describe yourself in three words that capture both the professional woman and the private individual Anette Frumerie?** "Curious, goal-orientated and happy."
- 7. What is your best private buy?** "My home."
- 8. What is your worst private buy?** "A pair of shoes that looked good but were uncomfortable and that I never wore."
- 9. Do you give money to beggars in the street?** "Not often, but I buy Situation Stockholm."
- 10. Do you have any tattoos?** "No."

### 25 YEARS THIS YEAR

Besqab was formed in 1989 by Isidor Andersson, a former Deputy MD at JM. The company has around 70 employees, the head office is in Täby with a local office in Uppsala. In January 2011, Isidor Andersson chose to sell all his shares in the company after more than 20 years. Today, the largest shareholder is the Nordström family. Besqab was listed on 12 June this year. The company turns 25 years this year, and has built more than 5,000 homes in Stockholm and Uppsala. The plan is to double the rate of construction over the next two years – from 200 to 400 homes per year.


The name Besqab stands for Bestäld Kvalitet, Ordered Quality in English.

do so. On the other hand, we do want to gain market share here.

› **Besqab is sometimes described as a JM in miniature – is that true?**

– Well, I don't know. But there are many links, for example Isidor Andersson, Besqab's founder, was a former Deputy MD at JM.

› **How long will you remain as MD of Besqab?**

– A long time, I hope. I'm probably rather loyal by nature, and I really enjoy working at Besqab and couldn't imagine anything better. 

**A FIGHTER.** Anette Frumerie has run the Lidingö Run and works out in a gym several times a week. And she runs the listed company Besqab. The fighting spirit comes from her mother and grandmother, strong women who taught her always to do her best and never to give up.

› – No, I don't see it like that. My commitment to Besqab is long-term, and the listing is a milestone and an intermediate goal on this journey. Now we shall continue to develop and grow.

› **Can you describe Besqab's strategy for the immediate future?**

– We want to make Besqab better known, and that is one of the very reasons for the listing. Our goal is for people to think Besqab when they think of high quality new production homes in

Stockholm and Uppsala. In production terms, we will be increasing the number of construction starts in the future; there is a lot of land to buy within our area. Our plan is to double the number of construction starts over the next two years, from 200 to 400 per year. But at the same time we aren't in a hurry, it is important to get things right.

› **May Besqab expand into other areas than Stockholm and Uppsala?**

– No, or at least we don't have any plans to

## Nordic Real Estate Partners



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- › 30+ professionals across the Nordics

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

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**GROWING INTEREST.** Karin Witalis, Head of Research at DTZ Sweden sees a growing interest for non-domestic investments.

■ Since 2004 over EUR 7bn of investment has been made by Swedish investors outside of Swedish borders. Two thirds of this investment was undertaken in the last five years. Swedish property investments abroad is increasing steadily.

**Text:** Nicklas Tolleson

# Sweden is not enough

– Swedish investors seek non-domestic investments

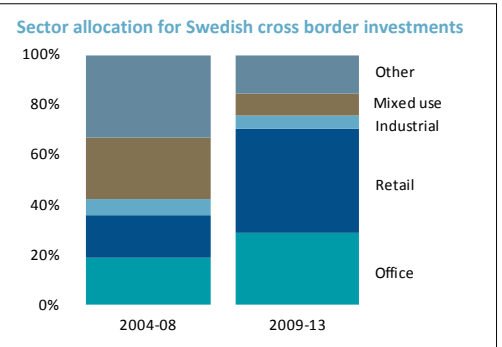
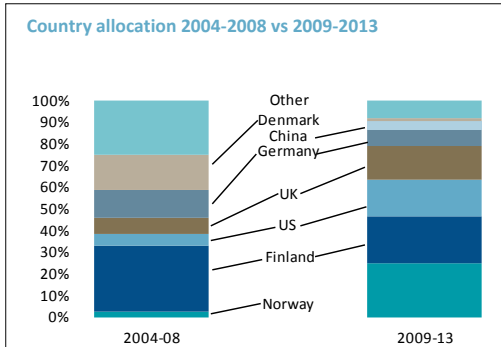
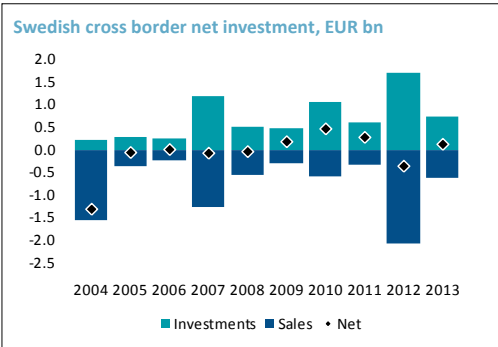
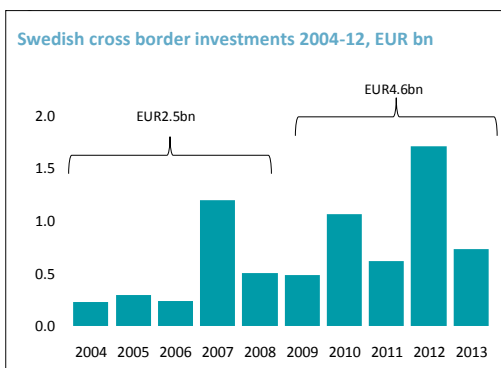
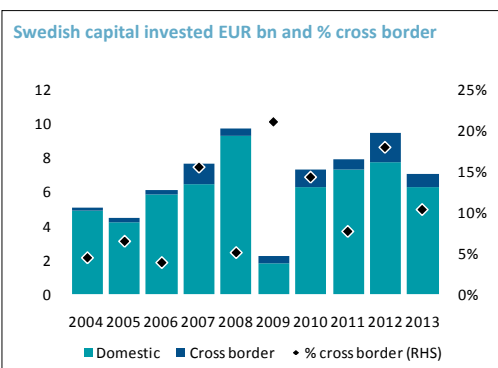
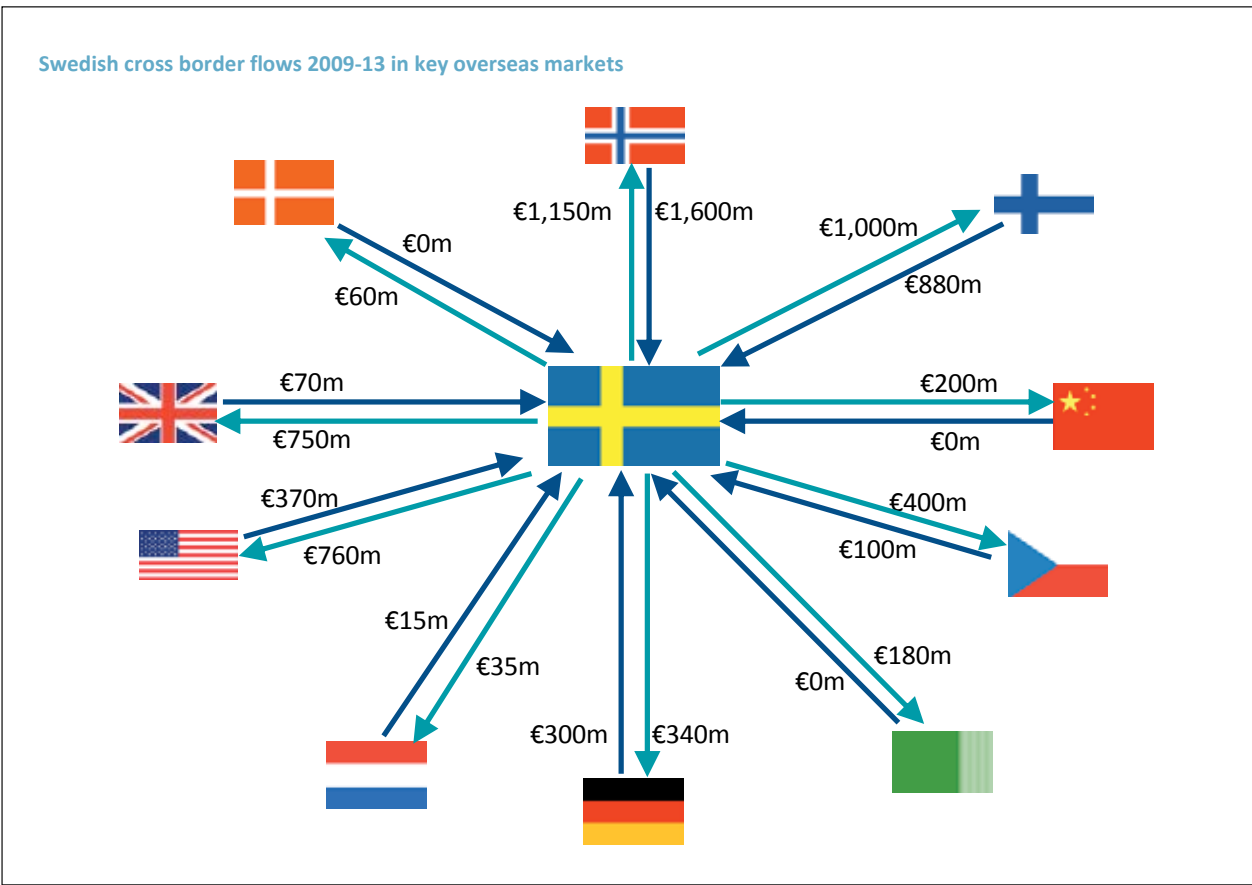
DTZ HAS IN A recent studie charted the non-domestic investment activity by Swedish property investors.

Karin Witalis, Head of Research at DTZ Sweden, has a number of explanations for the increased activity:

- There has been a lack of investment products in Sweden. In some markets the return expectations are higher than in Sweden. Then you have the diversification benefits, especially when opportunities in the home market are limited.
- Some investments are made by Swedish corporate such as Ikea and they form part of the companies' expansion plans in foreign markets.

- **How much will Swedish investors purchase for abroad this year?**
  - The interest for markets outside Sweden is growing. The markets globally are awash with capital and competition is strong.

- However, it is hard to put a hard number down.
- In the first half of the year the majority of activity has been in Europe with over EUR 600 million of deals outside Sweden. Mostly in the Nordics – mostly Finland – and Germany. We have seen some activity in the US by Skanska.
  - **Which countries will the Swedish investors have greatest interest for the coming years?**
    - The other Nordic countries and the larger, more liquid markets in Europe including the UK, Germany and France will most likely continue to dominate.
    - More selectively in Asia Pacific and North America. It is specific companies like Ikea or say Skanska which have more global reach who will invest outside Europe. Other investors would most likely invest through indirect funds.



Source: DTZ Research, Real Capital Analytics





# “Finland was not part of the plan from Day 1”

■ Lower interest rates, greater yields and a simple lease model in the form of so-called triple net agreements make Finland a tempting market for Redito.  
In the longer term, they may also consider other countries.

**Text:** Nicklas Tollesson

## REDITO

Redito is an independent investment company focusing on property investments in the Nordic countries. The company was formed in 2012 by Jan Björk and Patrik Hegbart.

## TROPHI FASTIGHETS AB

Redito formed the property company Trophi Fastighets AB at the end of 2012/start of 2013. Trophi is entirely focused on food stores in Sweden and Finland. The company is owned by the Third Swedish National Pension Fund (AP3) and is managed by Redito. To date, Redito has built up a portfolio consisting of around 250 food store properties in more than 150 locations in Sweden and Finland. The value of the property portfolio today amounts to around SEK 5.3 billion. The company name Trophi comes from the Greek and means food.

PICTURE: REDITO

**GROWING.** Redito/Trophi has grown quickly and now owns properties to a value of SEK 5.3 billion. Jan Björk, MD, thinks that Finland is an interesting market. “In rough terms, interest rates are 100 points lower and yield levels are 100 points higher in Finland,” he says.

**REDITO MANAGES** Trophi Fastighets AB, which is owned by the Third Swedish National Pension Fund (AP3).

Since its start in early 2013, Trophi has grown rapidly and now has a property value of around SEK 5.3 billion.

The company invests within a narrow segment – properties with food stores as anchor tenants.

At the beginning of the year, Redito/Trophi entered the Finnish market, and in May they bought a large portfolio from Svefastigheter for SEK 1.1 billion. Currently, the company owns properties worth SEK 1.9 billion in Finland.

– Finland wasn’t part of the plan from Day 1; the idea that we would invest there grew over the first year, says Jan Björk, MD of Redito.

– We saw that there was a good volume of business in Finland, return levels looked good, and there were investment opportunities that suited our business concept of food stores with strong tenants.

**A FOURTH ASPECT** that facilitates matters is that Finland uses so-called triple net agreements within this segment.

– This means that the tenants pick up all the costs, such as care and maintenance, including property insurance. This means that it is relatively easy to make calculations for the properties, and no large

organization is needed to manage the properties, says Jan Björk.

The interest rate level is currently very favourable.

– We have tied most borrowings to five-year agreements, and pay less than 2 per cent in interest on these.

**IN ROUGH TERMS,** Jan Björk says, interest rates are 100 points lower in Finland than in Sweden, at the same time as yield levels are 100 points higher in Finland.

– We have bought at yields of between 7.5 and 9 per cent in Finland.

► You have grown quickly and passed 5 billion in property value.

**How large will you become?**

– We haven’t set any final target, but for as long as we find acceptable investments, we may continue to grow for a while yet. We will probably be buying more in both Sweden and Finland this year, perhaps spending another couple of billion.

In the longer term, there may be purchases outside Sweden and Finland as well.

– We have looked a bit, but it is not top priority at the moment.

► Which countries?

– Northern Europe you could say, the Nordic countries and around the Baltic Sea. ■

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Rikshem owns, manages and develops rental housing as well as community properties within above all elderly care in several municipalities in Sweden. The value of Rikshem’s properties exceeds 21 billion SEK. Rikshem is owned by the Swedish Fourth National Pension Fund and the pension company AMF.

**rikshem**



## SAGAX

- Sagax owns property worth SEK 11.5 billion, of which SEK 7.3 billion is in Sweden and SEK 3.4 billion in Finland, as well as smaller holdings in Denmark and Germany.
- David Mindus is the MD and Göran E Larsson is Chairman of the Board.
- David Mindus is also the company's largest shareholder, with just over 20 per cent of the capital and 26 per cent of the votes.

# Sagax is aiming at Paris



David Mindus.

PICTURE: SAGAX

■ Rapidly growing Sagax wants to create a third market segment. The aim is set on Paris.

– Our market segment is narrow. Without new geographic markets, in a few years' time we risk having to cut returns, take greater risks or reduce the rate of growth, says David Mindus, MD. **Text:** Nicklas Tollesson

**A YEAR AND A HALF AGO**, Sagax started to investigate opportunities for investment in new markets.

– We want to invest in major city markets. The Stockholm and Helsinki markets within our segments – warehousing and light industry – are fairly small. This is not a problem for us today, but if we do nothing, it may perhaps become a problem in a few years. We then risk having to reduce our rate of growth, take greater risks or cut returns.

According to David Mindus, the solution to this problem is either to invest in new segments, or to find new geographic markets – and the latter was clearly the most interesting.

Sagax started by making a broad scan – initially, there were as many as 280 markets in the statistical selection, but many options were rapidly discarded.

– For example, the Baltic states are too small, and we judged that competition is too strong in the United Kingdom – there is too much money there, and too many smart people. It is better to invest in markets where competition is not as strong.

In the end, there were four or five markets left, before the choice fell on Paris.

– The Paris region has a GRP that is twice the size of the GDP of the whole of Sweden, and it is a diversified and deep market. There is positive demographic growth, which is very important to us, as we are active within a “simple” segment. It is important for us to work in a region where industrial areas are gradually being converted into housing or for other purposes, as this means demand remains high.

**ON 1 JULY**, Romain Autreux was appointed MD for Sagax's Paris operation, with the task of building up the operation.

At the moment, David Mindus does not want to speculate on when the first acquisition in Paris will be made.

– I don't know. It is entirely dependent on the market situation and the deals that turn up.

› Which were the other markets that remained, together with Paris, in your last sorting?

– I don't want to say. That's Sagax's business, so to speak. They are markets that we may enter into later.

› In almost ten years, you have built up a portfolio in Finland worth SEK 3.3 billion, which currently represents around 30 per cent of

*»It is entirely dependent on the market situation and the deals that turn up.«*

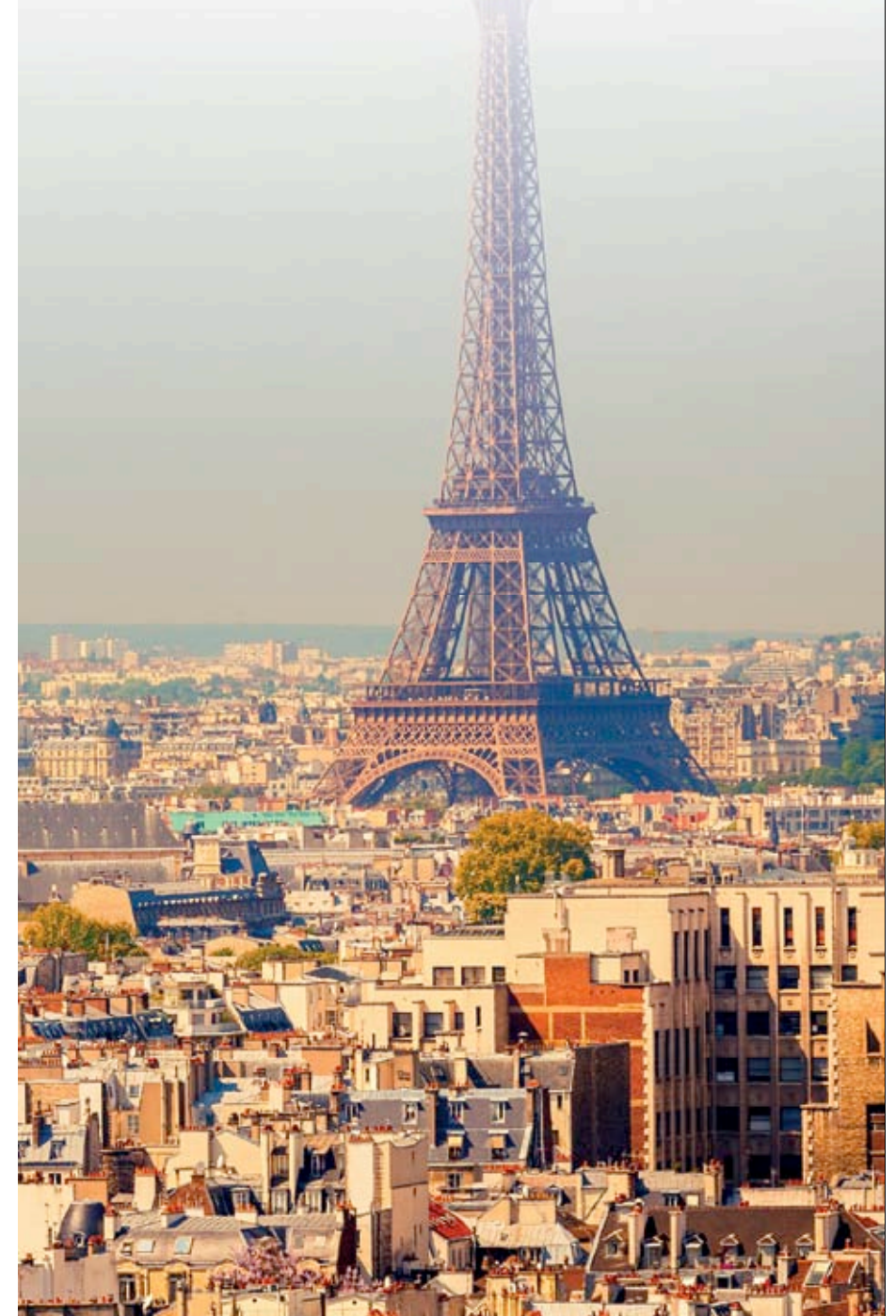
**your entire property value. How do you see the Finnish market?**

– It is, of course, smaller than the Swedish market, and compared to Sweden, it has a greater exposure to Russia, which may have an impact on sentiments. But in the long term, I think prospects are good. The country is AAA rated, has a high level of education and is regarded as one of the most competitive countries in the world.

› Where will Sagax grow the most over the next few years, Stockholm, Helsinki or Paris?

– It's entirely business-driven, so I don't know. We may not buy anything at all in Paris over the next year, and then perhaps buy property for two billion kronor. We are entirely opportunistic on the markets where we operate. ■

**LOOKING AT NEW MARKETS.** Almost ten years ago, David Mindus and his company Sagax entered the Finnish market. Now their aim is set on Paris.







**BROADENING OUT.** Erik Selin and his company Balder have turned their gaze abroad during the last few years. As usual, there is no express strategy behind the expansion. "No, it depends on the deals that turn up. You never know. If we find a good deal, then we buy, if we get a good offer, then we sell. But, of course, over time it's a good idea to spread the risks across several countries," says Erik Selin.

# "I have changed my mind"

Erik Selin is turning his gaze outside Sweden's borders

■ A few years ago, Erik Selin absolutely wanted to remain within the secure Swedish domestic market.

Now, his company Balder has entered both Denmark and Finland - and is also looking at business in Norway.

- I have changed my mind, says Selin. **Text & picture:** Nicklas Tollessen

**ERIK SELIN IS NOT** the type to draw up advanced business strategies or long-term forecasts. When he sees a deal that looks good, he pounces. A simple philosophy that has made him one of the more successful property profiles in the country.

And, as Balder has grown, it has become a natural step to look outside the country's borders as well.

- It's clearly easier to do deals further away when you have a bigger company. We have found deals with good terms in Denmark and Finland, that's all there's to it.

Balder has grown very quickly in the last few years, and during the second quarter passed SEK 30 billion in property values.

The first major acquisition abroad (although Balder bought a small property in Denmark back in 2009) was when Balder bought just over 500 freehold flats from Denmark's "bad bank" Finansiel Stabilitet for SEK 1.3 billion in 2012.

- Fundamentally, Denmark is a very good country. If you look at surveys on competitiveness and living standards, Denmark always comes top. It had a big dip a couple of years ago, and you could buy very cheaply. Prices have risen now. A shame, as we would have liked to have bought more at those levels.

Today, Balder has 600 flats and 2 minor commercial properties in Denmark.

- We are also building flats under our own steam; we are involved in 200 flats that are gradually being completed and moved into. They are freehold flats, but we want to own them and lease them out. We are also looking at several other things, among them our own housing construction projects.

A couple of months ago, Balder bought its first property in Finland, a portfolio of eight trading properties for SEK 600 million.

- We had looked there at bit before, and this time we made it.

The fact that is was a trading portfolio that was Balder's first

Finnish purchase is - as so much else according to Erik Selin - a coincidence.

- We looked at shops and housing. Offices seem more difficult - when you're learning about a new country, it's a good idea to start with things that are easier to understand.

Erik Selin does not have any express strategy to grow further in Finland.

- No, it depends on the deals that turn up. You never know. If we find a good deal, then we buy, if we get a good offer, then we sell. But, of course, over time it's a good idea to spread the risks across several countries.

**BALDER HAS ALSO** made a couple of offers in Norway, but has as yet not managed to buy anything there.

- Norway has a very strong domestic market, they have a lot of money and it's difficult to compete. And then it's also a fairly small market; it's really only Oslo that counts.

► **Will Balder be looking at yet more countries in the future, such as Germany?**

- No.

► **You said "no" to the other Nordic countries too, a couple of years ago?**

- Yes. I find it really hard to believe that we'll be looking at more countries. If we still do so sometime in the future, I would think that England is the most probable. It works well from a language point of view, the demography is good and they have their own currency, not the euro.

► **Why is this good?**

- A country should have its own currency. It isn't a good idea when different countries with different prerequisites, labour markets and taxes have the same currency. ■



# World Congress to Stockholm in 2016



*»One of my overall goals as the MD of Sweden Green Building Council has been to hold the international conference here, and now this has succeeded.«*

**WATERFRONT.** Here at Stockholm Waterfront The World Green Building Congress will be held in 2016.

PICTURE: NEWSEC

■ The international conference focusing on sustainability, World Green Building Congress, will be held in Stockholm in 2016.  
– This is great, a recognition of our work, says Bengt Wånggren at the Sweden Green Building Council. **Text:** Eddie Ekberg

IN AUTUMN 2016, the sustainability spotlight will be aimed at Sweden. This is because the international World Green Building Congress will be held at Stockholm Waterfront.  
Bengt Wånggren, MD of Sweden Green Building Council, has long worked to get the conference to be held here. And it is not just a question of making a simple application; instead it is rather more like an application to host the Olympic Games. Sweden Green Building Council has collaborated with the City of Stockholm to be awarded the World Green Building Congress in Stockholm in 2016.  
– It is really exciting. One of my overall goals as MD of Sweden Green Building Council has been to hold the international conference here, and now this has succeeded, says Bengt Wånggren.  
He considers that the fact that Sweden has been selected to host the World Green Building Congress in 2016 is proof that we rather quickly have become leaders within sustainability.  
– We have grown very fast in the four years we have been operating. We are already bigger

than many of the countries that have been involved considerably longer than us, says Bengt Wånggren.  
»What do you think it might mean for the congress to be held in Stockholm?  
– There will be representatives from around 100 countries here, and our ambition is to tell them what we are doing. For example, it would be great if more countries started to use our Swedish certification model Miljöbyggnad (Environmental Building). ■

## SWEDEN GREEN BUILDING COUNCIL

Sweden Green Building Council is a not-for-profit association owned by its members, open to all companies and organisations within the Swedish construction and property sector. The association works to promote green building and to develop and influence the environmental and sustainability work within the industry.

## STOCKHOLM 2016

The World Green Building Congress was held in Sao Paulo in Brazil in August this year. And in 2015, Hong Kong will host the World Congress, before it is time for Stockholm in 2016, when it will be held at Stockholm Waterfront.



Bengt Wånggren,  
MD of Sweden Green  
Building Council.

PICTURE: JASHAR GHAMPOUR





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