



FASTIGHETSSVERIGE



PORTRAIT

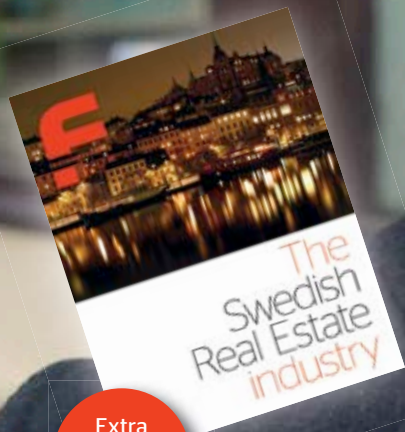
Hans Eliasson created
an empire from scratch

SWEDEN TODAY

Great possibilities for the
patient investors

THE BALTICS

Investment opportunities
in the east



Extra
magazine
inside!

THE LEADING PROPERTY MAGAZINE IN THE NORDIC REGION

Sweden's property market is red-hot

SUMMER 2017 IN SWEDEN was relatively poor, at least in weather terms. Rain and cold dominated the month of July, at least in large parts of Sweden, and many Swedes therefore sought sun and warmth abroad. But the Swedish property market is anything but cold – it is red-hot instead! Several consultants are talking about a transaction volume almost on par with the record year 2016.

» A promising start as far as Sweden is concerned for this year's Expo Real.«

AND WE ARE ALSO seeing several new – and not so new – investors doing business in Sweden again.

EXCITING, AND A PROMISING START as far as Sweden is concerned for this year's Expo Real.

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 here <http://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 AT EXPO REAL!

3 2017 // Year 13

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On the cover // Hans Eliasson
Read the interview on page 24.

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■ Sweden is in the midst of an economic boom – but the favourable situation also poses problems. The Chief Economist of Svenskt Näringsliv, Bettina Kashefi, analyses the challenges facing the country.

One of the world’s best countries but with many challenges

The Swedish economy has been strong for a long time now.

Compared with similar countries, Sweden performs well in many economic dimensions. Economic growth is strong, employment is rising and prosperity is high. At the same time, government debt is low and state finances relatively strong. However, the current positive image of Sweden must not cloud the vision of the many challenges facing an export dependent economy of Sweden’s size. The countries that are best able to transform their economies to meet the challenges of the future, will be the winners in the increasingly competitive world of the future. In a changing world, the level of our society’s prosperity in the future, is largely depending on what reforms we are able to implement today.

FEW, IF ANY, DOUBT that Sweden is currently in the midst of an economic boom. The latest data release shows that the Swedish economy skyrocketed in the second quarter this year. The high rate of growth prompted the National Institute of Economic Research to revised both their growth forecasts and their business cycle projections for the current year. Other forecasting houses are likely to follow.

IN AN ECONOMIC BOOM, monetary and fiscal policies should aim at tightening the economy in order to avoid overheating and to

build shelters for worse times. This has not been the case in Sweden lately, instead monetary policy has been extremely stimulative whilst the economy has been booming. Today’s situation with strong growth and expansive monetary and fiscal policies has created a situation where it would be extremely difficult to cope with a sudden decline in the economic cycle. Such an economic downturn may occur for several reasons in the global economy. Should there be a global economic downturn, Sweden has, obviously, very limited opportunities to control its process. Therefore, it is valuable both for monetary and fiscal policy to create sufficiently large manoeuvring space in times of a recession, in order to limit the negative effects of the downturn on Swedish production and employment. The Swedish upswing may be strong, but sooner or later, things will turn for the worse and economic growth will weaken. I therefor hope Sweden and other advanced countries will normalise their monetary policies and implement the necessary structural reforms to cope with a future downturn.

TURNING TO THE Swedish labour market, one is easily blinded by the favourable economic development which has led to a fall in unemployment in recent years. However, a strong economy can sometimes hide major structural problems. Two such problems are particularly present in the Swedish labour market; firstly, the



PICTURE: SVENSKT NÄRINGSLIV

BETTINA KASHEFI

Age: 56.

Family: Married and have four grownup children (inclusive two bonus children).

Title: Chief Economist at Svenskt Näringsliv.

At SN since: 2016.

Background: Ministry of Finance, OECD, State Secretary at the Ministry of Employment, Chief Economist at SKL.

Hobbies: Food, house and garden, growing vegetables, sailing.

SVENSKT NÄRINGSLIV

The Confederation of Swedish Enterprise is Sweden's largest and most influential business federation representing 50 member organizations and 60,000 member companies. The role of the Confederation is critical in protecting, supporting and promoting the interests of businesses as well as in creating broad popular support for the value and importance of enterprise. A key Confederation position is that businesses are crucial for the existence of a prosperous society.

difficulty for certain large groups to enter the labour market and secondly a severe shortage of qualifies labour in a number of business sectors.

THE IMPROVED ECONOMIC situation has pushed down unemployment but still large groups of people remain outside the labour market. Unemployment is particularly high among recently-arrived immigrants and those with short or no education. Since these two groups are forecast to grow rapidly over the next few years, measures are needed to improve these people’s chances to find jobs. Minimum wages in Sweden are among the highest in Europe. This makes entry to the labour market difficult for many people. In order to give these people real opportunities to enter the Swedish labour market, I am convinced that lower initial salaries are required. Otherwise, Sweden may lose much of the new workforce that could further boost employment and growth.

While large groups of unemployed are basically screaming for jobs, there are parts of the industry where employers find it hard to expand due to a widespread shortage of labour. Both private companies and large parts of the public sector have problems finding staff with the right qualifications. In some sectors, the situation is acute. Our companies literally scream for expertise and today the lack of skilled labour is the biggest obstacle to many companies development pace and growth ambitions. In order for Sweden to maintain its position in an increasingly competitive international labour market it is essential that labour market matching in Sweden is improved.

BOTH IN TERMS of initial salaries and bottleneck problems in the Swedish labour market, I hope that the Government, employers and the trade unions will seek to find solutions that strengthen the Swedish economy and lay the ground for continued growth and prosperity. That is my hope for the future. ■

Great opportunities for those who are patient

■ The Swedish real estate market continues to be a prosperous place for investments – for those who are patient.

“You will have to work harder with every transaction,” says Dan Törnsten, CEO of Colliers in Sweden. **By:** Axel Ohlsson

THE RECENT YEARS have been all smiles for people investing in the Swedish real estate market. The low interest rates have brought on a desire to invest like never before.

“Generally speaking, the market is doing very well. The interest rates are still extremely low. A lot of companies are working with their rents and there are very few vacancies in Stockholm, Gothenburg and Malmö compared to the situation a few years ago. The rents have been pushed up in the major cities, which has resulted in a lot of transactions being made in the regional cities,” says Dan Törnsten.

2015 was a record year for transactions on the Swedish market. During 2016 the transaction levels continued to reach close to record levels. The start of 2017 has followed the same path with very high transaction levels.

“The levels of the first six months of 2017 are almost as high as the ones during the same period in 2016. The difference is the

number of strategic transactions last year, such as Castellum’s acquisition of Norrporten.”

› **Do you think this year will finish as strong as last year?**

“I don’t think there will be as many transactions as the last six months of 2016 – but there will still be a lot of transactions.”

› **Why do you think there will be fewer?**

“There aren’t the same number of strategic transactions. Compared, for instance, to what Blackstone acquired in 2016 or how much Ilija Batljan’s SBB bought prior to the turn of the year.”

“I think the transaction volume will be lower – but the number of completed transactions will still be at a very high level.”

› **Do you see any indications that the market will turn?**

“It depends on the state of the market abroad. How that affects us will determine our interest rates. Will we get an increase in interest onwards, but we’re still not at zero rate – we have to get there first.” >

DAN TÖRNSTEN

Title: CEO of Colliers in Sweden.

Age: 59.

Lives in: Stockholm.

Family: Wife and children.

Hobbies: Stockholm’s archipelago and the country house in Norrtälje.

Other: Vice chairman of Hammarby IF.



»In general there are a lot of fresh faces that have looked towards the real estate business.«

➤ **THE PROSPEROUS STATE OF** the real estate business has seen a lot of companies expand their staff and new investors entering the market.

“Several companies in the real estate sector have grown a lot over the last years. We might see some changes if the market tightens up.”

“In general there are a lot of fresh faces that have looked towards the real estate business. You get visitors who have never been in real estate before who are looking to buy, and have the opportunity to do so. We will see how long they last.”

THE LAST YEAR HAS been characterized by political disarray with the Brexit referendum in the United Kingdom and the election of Donald Trump as America’s 45th president. With large parts of the

world trembling Sweden and the other Nordic real estate markets have emerged as safe choices.

“Sweden feels very safe. Foreign investors have invested a lot in it and will continue to do so in the coming year. They like that Sweden has a rigid system with structure in our real estate, our IPO’s and a solid banking system, at the same time the investors know that Swedish real estate is expensive.”

“But if they find something that offers an angle they are very interested in Sweden and the Nordics. Norway has doubled its transaction volume over the last years and Finland is once again very popular.”

“So the Nordic countries are very attractive to foreign investors and they are keen to make cross-border investments.”

➤ **Has the interest in cross-border investments risen?**

“Yes, we have completed several cross-border transactions in the last years. Foreign investors will continue to be active in both Sweden and rest of the Nordic countries.”

THE WORLD IS IN a period of change and Sweden faces the risk of entering the same state. In a year there is an election and great uncertainty awaits. On the real estate side people are monitoring what happens to the proposed packaging taxation.

“We are about to enter a state of great focus on the election, this means that the municipalities will halt all their transactions. Several of these were completed recently, but they will lay low from now on. So the election will definitely affect the real estate business, but mainly those making structured transactions.”

“I think a lot of investors are wondering what the new packaging ➤



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.

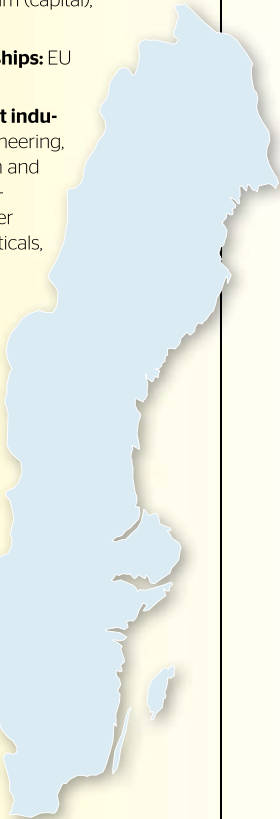
Noteworthy memberships: EU since 1995, WTO, OECD.

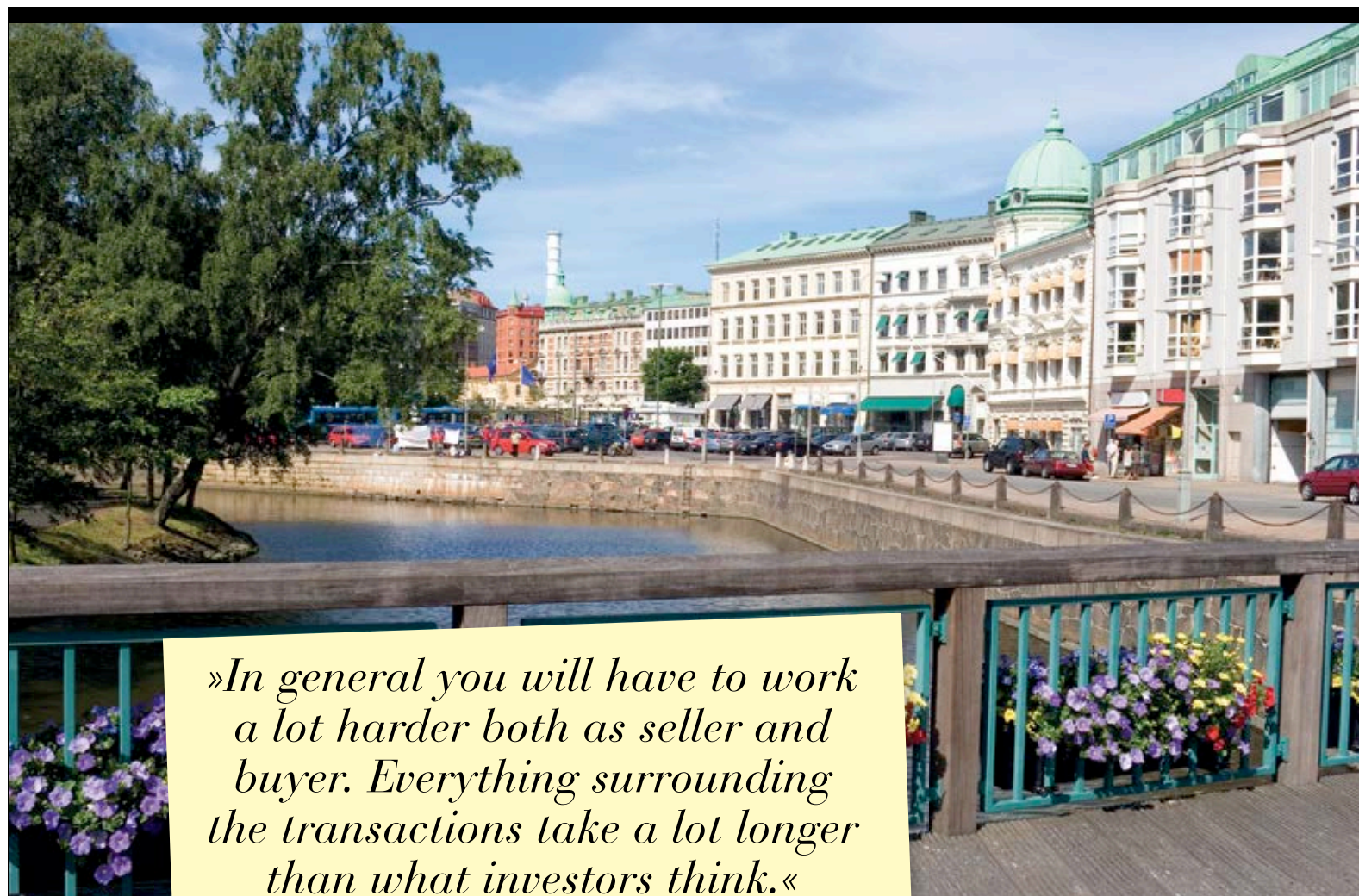
Most important export industries: Mechanical engineering, automotive, information and communication technology, pulp & paper, power generation, pharmaceuticals, iron and steel, transport services and tourism.

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





»In general you will have to work a lot harder both as seller and buyer. Everything surrounding the transactions take a lot longer than what investors think.«

› proposal will mean. Some might look to close transactions before it is in full effect, which could create some transactions this coming fall and spring.”

› Have you been able to see any effects of the packaging proposal yet?

“Yes, there is a lot of discussion about it in every single transaction with investors looking to get compensation for what’s to come.”

› Where do you think it will end up?

“A lot of people has opposed it but it is hard to say what will happen to it in the end. I think the packaging proposal for tenant conversion will stand as proposed. Then we will have to wait and see what happens to the other part, if there is some sort of compromise and whether any transition rules will be implemented. It is thrilling to follow.”

› Do you see any clouds on the horizon that foreign investors should take into account when investing in Sweden?

“The Swedish banks have tightened the screws and become a little tougher. They also see that the levels are peaking and they are therefore more careful about lending money. So it will be tougher to find good financing in the Nordic countries.”

“In general you will have to work a lot harder both as seller and buyer. Everything surrounding the transactions takes a lot longer than what investors think.”


COLLIERS THEMSELVES have entered an exciting period where the Swedish branch was reshaped in early 2017.

“We have changed our model and split up into groups with a clearer focus. One group working on transactions ranging from SEK 0 to SEK 100M (approximately EUR 10M), one group working on transactions from SEK 100M to 500M (approximately EUR 10 to 52M) and one working on major transactions larger than SEK 500M.

› How has the start been?

“It has been a big difference with that kind of focus. Everybody wants to be involved in the largest transactions but you have to focus on the field where you are working.”

“If you look at the market as if it is a pyramid, transactions from SEK 0 to 100M constitutes nearly 50 percent. So there is an extreme activity in that segment, and it being so we have to be there.”

“We want to dig a little deeper and use a slightly different system compared to before.” 

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PICTURE: NASDAQ

Looking East

■ Baltic Horizon’s fund manager Tarmo Karotam on recent years’ ups and downs on the Baltic market – and why the Baltics are a good place to invest.

By: Anthon Näsström

THE INTEREST FOR the Baltics has been vital for the Swedes for a long time. Since 2010 the investments have followed on a market where Tarmo Karotam suggests there are still more to gain.

“The Swedish investors were quick to see the value in this market. And they made a profit from it. The first to invest all made good investments.”

“But back then the real estate market had just gone through a dip. Today the risks are much lower.”

THE BALTIC HORIZON investment fund started in Estonia in May of 2016.

The funds were listed on the stock exchange in Stockholm this past Christmas. In total approximately 57 million units were listed. The fund is a public fund without a specific time limit – a so called evergreen fund.

“The potential continues to be large. The average growth over the last four years is four percent – this while going through an ➤

Will we see more multipurpose houses in future cities?

When Limhamns Läge in a few years turns into a hot spot near Malmö, the need for local service will explode. We decided to develop Multihuset, a multipurpose building, on a small lot in the middle of the city. Is this the future solution for urban areas in need of compact solutions?

Multihuset puts the benefit to community at the center in a new and creative way. On a small surface, in one single building, services, housing and offices are integrated with a parking garage in the house’s core. The new district preschool has a safe location on the green roof. The multi-functional Multihuset reduces the car’s claim to surface in the city, while contributing to a more pleasant urban environment. Being able to live,

shop, socialize and work in its vicinity enables a modern, climate-friendly lifestyle.

A meeting place that contributes to an urban area
Multihuset will be ready in 2019. At that time tenants like COOP, APCOA Parking, a health-care center for the Region of Skåne, pharmacy and the preschool move in, with long-term establishment in sight. Through café and facilities that are open during evenings, Multihuset becomes a natural meeting place that contributes to life and motion in a neighborhood with many homes.

Sustainable urban development with a holistic view
The underlying idea when building Malmö is that it should be close to service and easy to have a sustainable everyday life. This is consistent with NCC’s holistic view on sustainable urban

development, derived from our ambitious sustainability framework. Therefore, Multihuset is also environmentally certified with BREEAM. That means high standards in indoor environment, energy efficiency, water management and sustainable waste management.

Do you also want to explore new ideas for the future’s sustainable urban development? Do not hesitate to contact us.

“In a functional neighborhood, where people sleep, shop, work and socialize, there is life and movement and an increased sense of security. Multihuset is a model for the mixed dense city.”

Märta Stenevi
City Planning Municipal Council, Malmö City





LISTED. Tarmo Karotam and Lars Ohnemus, Chairman of Nordic Horizon Capital, ring the bell when Baltic Horizon were listed on Nasdaq Stockholm.

PICTURE: NASDAQ

› economical acid test. Largely due to the EU we have an open economy here today. And I would say that we are taking big steps towards converting our economy into something with the possibility to be great.

THE ESTONIAN TARMO KAROTAM and then fund manager BPT, now Northern Horizon Capital, launched their first Baltic real estate fund in 2001. Before this market was almost non-existing.

The fund became a success with a value increase of nearly 200 percent when the exit was made in 2007. They were however not able to exit the next fund before the real estate bubble burst.

During that time there were – naturally – some skeptics around. “We see no scenario for a great recuperation,” said one Baltic expert on Danske Bank.

“But now the market is more established and has grown a lot. People here are more prepared now, you don’t put all your eggs


in the same basket,” says Tarmo Karotam.

“It is more mature, largely thanks to the Swedish banks who came and established themselves here. Everybody knows the strength of the Nordic countries. The growth there is excellent and this has spilled over into the Baltic market.

› **How do the Baltic countries differ amongst themselves?**

“Historically there are differences, even though they all have the same background from the Soviet Union. Businesswise Lithuania, and Vilnius, is the star among the three.

› **Why should you invest in your Baltic funds as a foreigner?**

“If you compare to 10–15 years ago, when the market was very speculative, today’s focus is on long-term investments. The investors expect that the real estate values increase as the economies grow stronger. The maturity of the market is bigger, and Baltic Horizon focus long-term instead of quick “in-and-outs”. In conclusion the Baltics are a more mature and stable market for real estate investments now.” 

RESULTS that matter



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NIAM

■ The Swedish Packaging Proposal is highly debated. But what does it mean and how will it affect the business and foreign investors? DLA Piper's Partner Erik Björkeson looks into the matter.

A Proposition Effecting Foreign Investors

During 2017, the Ministry of Finance has presented new tax proposals that, if implemented, will have major impact on the real estate sector and foreign investment in Sweden. On March 30, the so called paketeringsutredningen (the packaging proposal) was presented, and on June 20 came the proposal for new tax rules for the corporate sector.

Both two legislative proposals are planned to enter into force on July 1 st 2018.

Looking at them separately the two proposals are complex, but when they are combined and analysed how they will work in combination, the results are remarkable and one may wonder if the two processes have been coordinated at all or if they have lived separate lives at the Ministry of Finance.

PAKETERINGSUTREDNINGEN AIMS at equalising a limited liability company's (AB's) indirectly divesting of a property through a subsidiary (so called packaging) with a direct disposal of the property. The proposed new legislation will apply when the controlling influence over a company is transferred, and the activity of the company being divested predominantly (more than 75 percent) consists of owning a property. The market value of the property shall be assessed in relation to the value of the shares in the subsidiary. Dismounting shall be made when a binding agreement have been reached. If that is the case, the property is considered being divested by the subsidiary at market value and repurchased for the same value, so called dismounting. All the deferred tax on the property is realised and shall be taxed with 22 percent corporate tax in the subsidiary. According to the proposal, the subsidiary shall also

pay an additional 7.09 percent in standard earnings. This standard earning shall correspond to the stamp duty that would have been paid at a direct disposal of the property. The rules also apply to indirect ownership changes.

WHEN THERE IS A GROUP of owners on the sell side, property companies will be forced to make difficult assessments of the selling owners' tax situation. In addition, real estate companies must keep track of the extent to which it is an indirect sale that entails dismounting.

The tax effect affects the sold subsidiary but is partly triggered by the seller's tax situation. This will give rise to a range of new scenarios at transactions. A dismounting in the property company will most likely reduce the price of the company's shares. There may however be minority owners who get to pay full tax at the time of sale. For a buyer of the subsidiary, it is crucial to know if there exists a historical risk of dismounting in the purchased company.

Minority shareholders in real estate companies should make sure that they protect themselves against certain aspects of the proposal through shareholder agreements, as their share value may be affected by dismounting that they do not control.

PAKETERINGSUTREDNINGEN IS likely to generate complex valuation disputes regarding whether the sold company consists essentially of a property or not. Furthermore, the proposal does not say anything about how to treat so called earn-out when determining whether the rules for dismounting shall be applied. An earn-

ERIK BJÖRKESON

Age: 53.

Family: Four children.

Lives: Kungsholmen, Stockholm.

Title: Partner of the law firm DLA Piper.

At DLA Piper since: 2009.

Hobbies: Triathlon and art.

DLA PIPER

DLA Piper is a global law firm with lawyers located in more than 40 countries and 90 offices throughout the Americas, Europe, the Middle East, Africa and Asia Pacific, positioning us to help clients with their legal needs around the world. We strive to be the leading global business law firm by delivering quality and value to our clients.

DLA Piper is the leading global business law firm in Sweden. The Stockholm office employs 150 people, of which over 100 are lawyers. The firm provides legal advice in all areas of business law, which includes: corporate, banking and finance, IT, media, intellectual property, tax, M&A, transport and logistics, private equity, litigation, real estate, insurance, regulatory, insolvency and employment.

»The proposal also suggests restrictions on the right to use old tax deficits.«

out where the price at legally binding agreements, in governed by a future circumstance, is common at the sale of companies.

In the proposal for new tax rules for the corporate sector, the corporate tax rate is proposed to be reduced to 20 percent. Furthermore, the right to deduct interest rates on loan financing is heavily restricted in the corporate sector. According to the main proposal, a company may not deduct a higher interest rate than 35 percent of EBIT (earnings before interest and taxes). For the interest deductions that can be achieved within this framework, the recipient of the interest rate must also be in the EEA or be taxed with at least 10 percent corporate tax and there must be sound commercial reasons for the debt relationship if

there is a community of interests between borrowers and lenders. To compensate the real estate sector, a higher depreciation rate for newly constructed multi-family rental buildings is proposed; 10 percent of the expenses may be deducted within a five-year period after completion of the building. The proposal also suggests restrictions on the right to use old tax deficits.

THE PROPOSED NEW LEGISLATION will, if implemented, lead to higher taxation of the real estate sector. The legislation will also affect foreign companies' investments in Sweden. It is not primarily a lower corporate tax rate that companies wish for, but a clear, stable and predictable regulatory framework. ■

PICTURE: DLA PIPER



Here are the **20** most read articles at nordicpropertynews.com since May, 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



Sthlm Seaside.

1 Skanska Divests for EUR 225M

NORDIC Skanska divests two properties in Stockholm and one in Oslo to Vasakronan, Aberdeen and Entra for a total of EUR 225M.

Skanska has sold the office building Sthlm Seaside in Stockholm, Sweden, to Vasakronan for about MSEK 900 (EUR 93M). Sthlm Seaside is part of the first phase of Skanska's investment in Sthlm New Creative Business Spaces in the area Hammarby Sjöstad, Stockholm, and is located along Hammarby Canal. Sthlm Seaside comprises of 12,500 square meters, and companies like Soft-

ronic, the Internet Foundation in Sweden, Arrowhead Game Studios, Silentium and Yggdrasil Gaming are among the tenants.

Skanska has also sold their Stockholm office building Sthlm O3 to Aberdeen for MSEK 440 (EUR 46M). Sthlm O3 is part of the first stage of Sthlm's New Creative Business Spaces, Skanska's investment initiative in the area Hammarby Sjöstad in Stockholm. The building, comprising about 6,500 square meters, is fully leased, with tenants like Boehringer Ingelheim, Lantmäteriet,

Polystar, Erik Olsson Fastighetsförmedling and Wayne's Coffee.

Further west the company has sold their 50 percent of the 31,300 square meters Oslo office building Sundtktvartalet to the other joint venture owner Entra for MNOK 795M (EUR 84M). It is Skanska Commercial Development Nordics first project in Oslo and was completed in December 2016. Among the tenants are Skanska Norway, Know IT, Manpower, IBM and Tidal. **2017-07-05**

6 Nordic Property Transactions Set New Record in First Half of 2017

NORDIC Driven by a very strong Norwegian and Finnish market, volumes in the Nordic property markets reached a new record in the first half of 2017. Private investors and property funds were particularly active on the buy side and the share of foreign buyers increased significantly, according to Pangea Property Partners' report.

Transaction volumes in the Nordic property market were EUR 22.3 billion in the first half of 2017, according to new figures from Pangea Property Partners. This is an increase of 14 percent from same period last year and a new record for the first half of the year. Foreign buyers accounted for 53 percent of the volume, which is the highest level ever recorded. **2017-07-03**

Transaction volume H1 2017	Sweden	Norway	Finland	Denmark	Nordics
Number of deals H1 2017	215	139	80	35	460
Number of deals H1 2016	204	159	61	51	419
Transaction volume H1 2017 (EUR bn)	7.9	4.2	6.8	3.6	22.3
Change compared to H1 2016 (%)	+18%	+26%	+80%	+7%	+14%
Foreign buyers H1 2017 (%)	24%	32%	86%	80%	53%
Average deal size H1 2017 (EUR bn)	37	32	114	61	49
Average deal size H1 2016 (EUR bn)	49	26	62	62	47

Nordic Transaction Volume H1 2017.

PICTURE: PANGEA
PROPERTY PARTNERS

2 KLP Acquires Eufemia

NORWAY The Norwegian pension and insurance provider KLP has agreed to acquire the office development project Eufemia from Oslo S Utvikling (OSU) located in the Bjørvika CBD office district.

The transaction is structured as a forward sale with deferred handover in 2019 and the agreed price for the asset is NOK 1.740 billion (EUR 185M).

Eufemia comprises 22,400 square meters of office space and is 93 percent let to Pricewaterhouse Coopers and Microsoft on ten year lease terms from handover. Estimated rent as per completion 2019 is MNOK 72.7.

Eufemia forms part of the Bjørvika development scheme which constitutes the largest Norwegian urban development project in modern times.

OSU was advised by Akershus Eiendom. **2017-07-06**



Eufemia.

PICTURE: OSLO S UTVIKLING

19 Posten Sells in Bergen

NORWAY Posten Norge has hired DNB Næringsmegling to sell the post terminal on Minde and Bring-terminal in Jettaviken. Posten also wants to sell a plot on Kokstad.

It was last fall that Posten purchased a plot of 427,000 sqm on Kokstad, south of Bergen city center. The plot should hold a post and logistics center, meaning that Posten no longer needs

their terminals on Mindre and in Jettaviken.

"We notice that there are many investors that have been waiting for this divestment and we rarely experience this kind of demand," says John Eckhoff, Press Manager at Posten Norge.

2017-05-26

15 Antilooppi Acquires Office Property in Helsinki



Itämerenkatu 3.

PICTURE: ANTILOOPPI

FINLAND Antilooppi acquires Itämerenkatu 3 office property in Ruoholahti from YLE Pension Fund for EUR 28.7M in an off-market transaction.

Itämerenkatu 3 was built in 1998 and it is located right by the metro station in the heart of Ruoholahti. The lettable area of the fully leased property is 9,900 square meters and it includes 112 parking spaces. The office premises of the property are flexible and each office floor can easily be divided between multiple tenants. Antilooppi's goal is to develop the property's office and retail premises together with the current and future tenants. **2017-05-23**

20 AKELIUS SELLS FOR EUR 391M

SWEDEN Akelius has agreed to sell 61 properties in Helsingborg to Willhem and Folksamgruppen.

The price is SEK 3.81 billion (EUR 391M), or SEK 21,800 (EUR 2,150) per square meter.

The properties were built between 1906-1992. Half the properties are located in central Halmstad and Eneborg, and the rest in other neighbourhoods of Helsingborg such as Statterna and Adolfsberg.

"Our 'thing' is residential properties in metropolitan areas. We will reinvest in new and existing buildings," says Akelius CEO Pål Ahlsén. **2017-06-16**



Pål Ahlsén, CEO of Akelius.

PICTURE: DAVID SCHMIDT/PIXPROVIDER

8 MENGUS DIVESTS THE COPPER BUILDING TO FOLKSAM

SWEDEN Mengus' second fund Mengus 2011 divests the office property Duvan 6, also known as the Copper Building, in central Stockholm.

The plot encompasses approximately 9,700 square meters of leasable area and is divested to KPA Pensionsförsäkringar, which is a daughter company to Folksamgruppen. **2017-06-01**

11 JV BUYS FROM ELO FOR EUR 160M

FINLAND Agore Kiinteistöt Ky, a joint venture established by Elo Mutual Pension Insurance, Första AP-fonden and Trevian Assey Management Oy, has made its first acquisition.

The company has bought a portfolio including ten retail assets worth approximately EUR 160M from Elo. The properties are located in eight major Finnish cities, including Helsinki, Tampere and Oulu. The leasable area of the portfolio exceeds 100,000 square meters. **2017-06-13**


NORDIC NEWS

10 BLACKSTONE AND AREIM MAKES BILLION EURO BID

 Blackstone Group and Areim has made a EUR 1.76bn bid for the Finnish company Sponda. The bid means EUR 5.19 a share and has been recommended by the Sponda board together with its largest shareholders representing 46.9 percent of the shares.

JLL advised Blackstone and Areim on the public tender offer. 2017-06-08

12 HEIMSTADEN MAKES LARGE ACQUISITION IN COPENHAGEN

 Heimstaden acquires residential block in Copenhagen for EUR 227M.

The property consists of 678 residential units and 47 commercial premises, located mainly at street level. The total area is about 65,000 square meters. The total value of the property agreed to DKK 1.69 billion (EUR 227M) and the acquisition is financed partly

by cash and partly through mortgage credit lending. 2017-06-21

17 EQT CLOSES ITS FIRST REAL ESTATE FUND


NORDIG EQT closes the EQT Real Estate I fund with commitments totaling EUR 420 M. Around 35 percent of the total commitments have already been invested in four assets.

Among the four assets is Täby Terrass in Stockholm, a residential scheme of studio apartments. 2017-06-21



Intea acquires from Skanska.

3 Intea Acquires for EUR 113M in Kalmar

 Skanska has divested three buildings at Linnaeus University in Kalmar, Sweden, to Intea Fastigheter.

In connection with the transfer, Intea takes over the funding of the second phase of the project from Skanska, corresponding to an investment of about MSEK 370 (EUR 38M), and completes the project with Skanska Sweden as contractor. The underlying market value


amounts to about SEK 1.4 billion (EUR 144M).

At the beginning of 2016, Skanska signed a ten-year lease agreement with Linnaeus University and began the development and construction of the three new buildings, including underground parking. The buildings have a total gross area of 43,000 square meters and are located in the eastern part of

the university area. In addition, Skanska is working on the extension of additional premises in the western part of the university area.

The construction of the first building is under way and occupancy in the new premises takes place in different stages, starting in the fourth quarter 2018. Prior to year-end 2020, all three new buildings will be completed. 2017-06-15

16 Triuva Acquires Office Building in Stockholm

 Pan-European institutional real estate investment manager Triuva has acquired a 6,700 square meters office building, Lammet 17, in central Stockholm from Slussgården, a subsidiary of SKL Fastigheter and Service AB.

The fully-let core property was built in 1985 and refurbished in 2008. It consists of six floors and a basement. 017-06-19



Lammet 17.

18 Hemfosa Acquires Large Portfolio in Halmstad

 Hemfosa has signed an agreement to acquire a portfolio of ten properties located centrally in Halmstad for an underlying property value of EUR 109M.

Hemfosa will acquire ten properties from Fem Hjärtan Holding AB, totaling approximately 57,800

square meters, all of which are very centrally located in Halmstad.

The total property value is EUR 109M. The average remaining lease is 2 years and the leasing rate is approximately 90 percent. 2017-06-13


Stina Lindh Hök, Head of Transactions at Hemfosa.



9 Ica Sells Twelve Store Properties



Lena Boberg, CEO of Ica Fastigheter.


 Ica Real Fastigheter is selling twelve store properties to Secore Fastigheter – a company jointly owned by Första AP-fonden and Ica Real Estate.

The properties have combined area

of approximately 38,400 square metres, with Ica and Apotek Hjärtat as the main tenants.

Possession of the properties will be transferred in June 2017. The underlying property value is EUR 107M, and the properties have approximately 38,400 square metres of lettable area. 2017-05-23

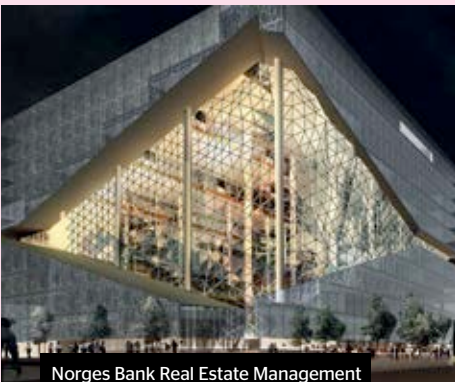
4 Norwegian Fund Makes Large Acquisition

 Norges Bank Real Estate Management has signed an agreement to acquire 6-8 boulevard Haussmann property, located in central Paris, and the Axel Springer Neubau office building in Berlin.

Norges Bank Real Estate Management has agreed to pay EUR 462.2M for the property. No financing will be used in the acquisition and the asset will be held unencumbered by debt.

The sellers of the property are Tamweelview European Holdings SA and Tamweelview Listed Securities Holdings, wholly-owned subsidiaries of the Abu Dhabi Investment Authority.

The property comprises 24,500 square metres of office space. 2017-08-01




Norges Bank Real Estate Management buys property in Paris.

5 Balder Acquires Four Hotel Properties in Copenhagen



Erik Selin, CEO of Balder.

 Balder has agreed to acquire four hotel properties in central Copenhagen for approximately SEK 1 billion (EUR 103M).

The four properties are all located next to the central station

in Copenhagen and are today run under the names Star, Mercur, Richmond and Plaza. Balder will sign long term lease agreements with Ligula Hospitality Group to operate all four hotels. 2017-06-2




SEB Ejendomme sells in Copenhagen.

7 SEB EJENDOMME SELLS 33,000 SQUARE METERS PORTFOLIO TO CORE

 SEB Ejendomme has sold 340 apartments totalling a lettable area of 33,000 square meters in northern Copenhagen to Core Property Management.

The portfolio consists of Vejlesøparken in Holte, Bavnehøj Park in Værløse, Stadsporten in Hørsholm and Elmelby in Farum. 2017-06-05

13 SAGAX BUYS 18 PROPERTIES IN FINLAND

 The seller is Jykes Kiinteistö Oy and the total price amounts to about EUR 32M.

The properties encompass 58,000 square meters of lettable area and 183,000 square meters of land, mainly for industrial and warehousing purposes. The annual rent is EUR 5M.

Sagax will access the properties in October 2017. 2017-08-01

14 UNION INVESTMENT BUYS STHLM HUB

 Mengus has sold Uggleborg 14, also known as Sthlm Hub, to Union Investment. Sthlm Hub, at Vasagatan, is located close to the central station in Stockholm's CBD. The property comprises approximately 6,000 square meters of offices and retail space. 2017-06-27

LISTENS TO CLASSICAL MUSIC**Name:** Hans Eliasson.**Age:** 70.**Lives:** Lerum outside of Gothenburg.**Family:** Two daughters and a partner.**Education:** "I'm a senior engineer, I have studied law and economics and I have completed the AMP program at Harvard Business School. In addition, I'm Honorary Doctor at Lund University."**Drives:** "An Audi Q5, but mostly I prefer to drive my Aston Martin."**Reads:** "A lot, with emphasis on biographies and memoirs."**Watches on tv:** Sports, news and cultural programs.**Listens to:** Classical music.

Hans Eliasson

The torch has been passed but Hans Eliasson still keeps his companies *close to his heart*. The selfmade man tells the story about how he built his own empire twice, how it feels to pass it on and his active life at 70. **By:** Axel Ohlsson

Hans Eliasson grew up in the working class neighborhood of Gamlestan in Gothenburg. After his years in the Swedish school system he started working at a construction company while simultaneously studying economy and law.

"I started as a trainee, then I became a deputy supervisor, then I became a supervisor, then I became a location manager, then I became a purchaser and calculator."

IN 1973 HANS ELIASSON left the construction company to start his own business.

"I bought an old country house and rebuilt it with my own hands. Then I got money from the building credit. In those days you could borrow three times the amount you saved, I had that setup with several banks."

"I bought an apartment building with the money I had left from the building credit and the money I had borrowed from the banks. Then I refurbished this house and sold it. I kept working like that; bought more houses, refurbished them and sold them."

THE COMPANY DEVELOPED in the early 1980's when Hans Eliasson got in touch with the CEO of the color producer Becker, who decided to

» In those days you could borrow three times the amount you saved.«

start a real estate company called Regnbågen.

In the early 90's it came to a sudden end when the financial crisis hit.

THE FINANCIAL CRISIS, however, made possible the start of what would become Gullringsbo Group, the parent company to a number of other ventures.

"When we started Regnbågen there were a number of apartment buildings that did not fit into the company. So I kept them privately and had an external administrator who handled the approximately 100 apartments. In 1992 I took over the administration."

This was the start of Svenska Hus.

"The idea is that Gullringsbo Group operate activities that generate cash flows. Then we have Svenska Hus, which is a substance company for

us. We let the money remain in Svenska Hus and build values. Then we can use the cash flow from the other companies to expand out other businesses."

"It is an old traditional structure for old construction companies: having real estate and buildings and their own machinery. Today we are one of the few using this."

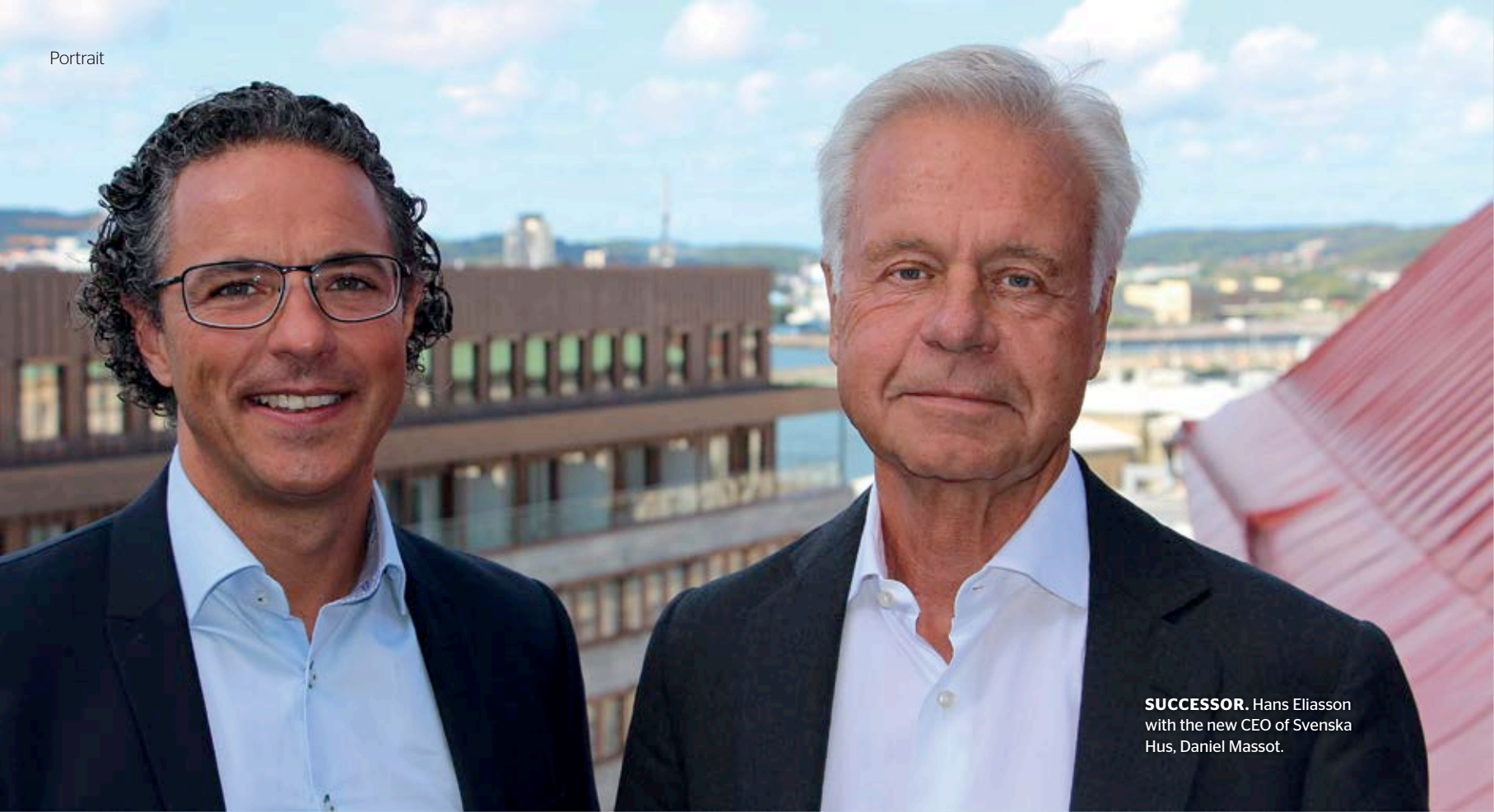
WORKING ACCORDING TO A traditional and careful model with long-term goals is key to Svenska Hus' stability.

"Since our perspective is eternal, we believe that sooner or later we benefit from being cautious. The market will go down someday, when that happens we want to be safe."

With both Svenska Hus and Gullringsbo Group on a steady course forward, Hans Eliasson has left the operational positions to others and taken a more laid-back role, but still one where there is ingenuity and ability to see to that opportunities are used.

In Gullringsbo Group, his own daughter Erika has taken over the CEO position.

"We would have found solutions if my daughters Erika and Lisa had not wanted run things and just be owners. But it is clearly a joy when a family member wants to be in charge in the daily work." >



SUCCESSOR. Hans Eliasson
with the new CEO of Svenska
Hus, Daniel Massot.

»I have great confidence in the future.«

► In Svenska Hus, Daniel Massot is CEO since 2016.

“The commitment around the company is fascinating and this climate works very well. It is important for me to know what thoughts Hans, Erika and Lisa have about Svenska Hus and its future, and I think the contact and cooperation works very well. Svenska Hus’ can be summarized as “committed entrepreneurs with eternal perspective”, these are three words that are very well-matched to Hans as a person and the future together with Lisa and Erika,” says Daniel Massot.

“I believe in Daniel. He listens to the old man,” says Hans Eliasson and laughs.

“I am a sidekick for him, not organizationally, because Christer Holmén is a very active chairman, but we are in close contact and Daniel takes a generous approach to my advice and ideas. He has a lot of experience and is very active, which you have to be. I have great confidence in the future,” he continues.

► **How do you like your new role?**
“We manage Gullringsbo Group more as a

holding company with several different chairmen. If I have any ideas, I have no problem calling that company’s chairman – so I can still share my ideas. But it is necessary to have boards and chairmen who does not have too much prestige. I think we have a good dialogue.”

EVEN THOUGH HANS ELIASSON is not in the office as often anymore, the companies are constantly in mind.


“Once you’ve started something, you never leave it. I think about all our companies every hour, except when I sleep. I live with this, whether I’m a CEO or not.”

They remain in his thoughts even when engaging in his hobbies: being out at sea or deep in the forest.

“I love being at sea and in the woods and in the mountains. In the forest it is mainly about hunting and dogs and on the sea I sail or go in my newly acquired wooden motorboat which I love.”

BUT IT IS NOT only the sea, the forest and the family that take up his free time. Even though

he is 70 years old, he still plays hockey bockey (a kind of ice hockey) three times a week.

“At this age, there is a very big difference between how active you are and who you spend time with. When I play hockey bockey it is with people to whom I could be the father and in some cases grandfather. When you keep that company it rubs off on you. You do not notice it as much when you are 40, but when you get up to my age you feel that there is a big difference. But I think it’s fun to be around younger people and to do sports and exercise,” says Hans Eliasson. 

GULLRINGSBO GROUP

AB Gullringsbo Group is the parent company in a group that owns all shares in Svenska Hus AB, MVB Holding AB, AB Gullringsbo Forestry, Munkbron Finans AB and Wangeskog Hyrcenter AB, 75 per cent of the shares in Torslanda Entreprenad i Göteborg Aktiebolag and 40 per cent in Novi Real Estate AB. Other assets consist of financial investments.

The Group’s turnover amounts to approximately SEK 3,000 million, with a profit before depreciation but after financial items of almost SEK 250 million per year. The market value of the Group’s properties is estimated at just over SEK 5,000 million.

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¹Preqin 2017

■ Beneficial for society and for the company? Victoria Park's social housing work in exposed areas shows that there is major gain available for both parties.

"The numbers exceed our expectations," says Peter Strand, CEO of Victoria Park.

By: Axel Ohlsson // Picture: Victoria Park

Social housing work benefits both society and the company

Victoria Park work with refining the Swedish million program areas (worn down areas of low quality constructed in the 60's and 70's with large numbers of socially exposed people) started in 2013. The company's model is to refurbish apartments when the previous tenant moves out. A model that raises the standard of the area and attracts an economically and socially strong group – while not exposing current tenants to higher rents.

"These are properties that no one wanted to handle. So it is important to take care of them, otherwise you're risking costly damages."

"In refurbishing them when the previous tenant leaves we avoid current tenants being affected of raised rents while also getting a more widespread rent situation. Adding new houses and densification creates a mixed population structure in the areas, which leads to a better living environment."

ALONGSIDE REFURBISHING a house Victoria Park also puts in a lot of work in creating jobs for the people in the area.

"Creating social capital is a big thing. Our model is to manage the houses together with the tenants," says Peter Strand.

"In these areas where the level of alienation is high a lot of work goes into creating engagement to prevent that situation."

By managing the houses together with the tenants Victoria Park creates a bond to the area as well as help people at risk of alienation into the Swedish job market. ➤

STEPPING STONE. Employment in Victoria Park is a first step into the job market.



TOGETHERNESS. Victoria Park manages their properties together with the tenants.



Peter Strand.



PICTURE: CAMILLA MARTENSSON & LINUSTENMAN

ROSENGÅRD. Victoria Park's successful work with social housing started in Rosengård in Malmö.

»Arguments tend to get heated when people don't understand each other.«

► “We have put a lot of focus on employment. It is an important part of entering the job market and the society. Once you're in, you can move on.”

“But it is important to specify that it is not a temporary solution. We do not hire people for them to test it out, but rather it is a normal job – that makes it real so to speak.”

“Entering the job market creates a platform. You get Swedish colleagues and insight into how the Swedish job market works. It is like a first step that makes the second step a lot shorter if you choose to move on.”

► How has the interest for these positions been?

“Very big. The influx of interested people has been massive.”

AN IMPORTANT ASPECT of getting Swedish colleagues is to know the Swedish language. Language skills are a two-way street.

“By hiring people with a background in these areas we get people with important language skills. Something we feel are of great importance for communication. Arguments tend to get heated when people don't understand each other.”

Since starting out in Victoria Park's hometown Malmö in 2013 the company has transferred the model to other area around Sweden.

Victoria Park received proof of the model's success earlier this year when Ingvar Nilsson and Eva Nilsson Lundmark presented their analysis.

By looking at Victoria Park's social housing work from a socioeconomic perspective the authors found that the cost of the 49 people involved in the program over 20 years would have been SEK 5.5 million (approximately EUR 580,000) per person if nothing “had been done”, in total SEK 270 million (EUR 28M).

The effects of 23 people having left a life of alienation and entered the job market lead to a social gain of SEK 120 million (EUR 12.5M) over 20 years.

ALSO FOR VICTORIA PARK itself the investments are beneficial. The insertion of SEK 1.5 million (EUR 157,000) gives a return of SEK 4 million (EUR 420,000) through effects of lowered cost for property management and support.

Ingvar Nilsson and Eva Nilsson Lundmark conclude that:

“Looking at this process as a whole it is almost incomprehensible that not more actors in the housing sector act in the same manner as Victoria Park. Especially in public housing which is owned by the municipalities where the gain of investment would benefit both the company directly and its owners through the effects that come along the way.”

Peter Strand admits that the enormous effects have been larger than Victoria Park counted on.

“We were surprised because the numbers are much larger than we expected at the beginning. It is of course great to see and to feel that we make a difference. If everybody helps a little it goes a long way.”

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Where are we heading?

■ Over and over again, Swedish transaction volumes hits new records. For how long will this last, and what will happen next, asks Nordier's Tomas Nyström.

Now it's almost exactly seven years since I joined Nordier. In my first market report for Nordier, I wrote about the tough second half of 2008 and that 2009 was a year when almost no transactions had been completed. During the first half of 2010 there was a remarkable recovery. The transaction volumes doubled in the first half of 2010 compared to the same period one year earlier, and banks were again willing to lend money to real estate.

Now, seven years later, transaction volumes have hit new records year after year since. Real estate prices have skyrocketed in all segments. The record low interest levels have caused a huge boom for the real estate industry. The question is, though, how long will this last and what will happen next?

THE ECONOMIC UPSWING in the eighties ended in the worst property crash Sweden had ever experienced. That time Sweden went from a high-interest market to a complete breakdown of the banking system. Today, interest rates are at record low levels, but despite that, banks are doing fine.

What could possibly change the current situation? A macro-economic bang like Brexit and the election of Donald Trump are apparently not enough to stop the boom in our industry. A global crisis only tends to postpone a rise in interest rates even further, which has proved to be good news for the real estate sector. At least as long as the Swedish economy continues to show healthy growth.

Everyone that I have this discussion with agrees that it is our housing market will be the factor that puts an end to the upswing in Sweden's real estate market. The vast majority agree that the residential buildings that are currently being produced in large

scale do not correspond to what is demanded in the market. The expensive apartments that are currently being mass produced in growth areas are only demanded by those who already have a good living. The supply is about to accelerate from demand and we all know what that usually leads to.

IF THERE SHOULD be a decline in the price levels of condominiums, my assessment is that there will be a standstill in this part of the market. No one who has bought an apartment at high price will sell it at a loss if not forced to. In the early nineties, interest rates rose sharply, and those who could not afford to pay their debts had to sell. This led to an evil spiral of forced sales and falling prices. Today, however, borrowing costs are extremely low. I hardly think interest rates will be raised should we get a substantial drop in house prices. Riksbanken (Sweden's Central Bank) is eager to keep its inflation target and should housing prices fall, Riksbanken would not want to raise interest rates, which should hamper private consumption.

Then we probably get a very illiquid market. A number of property developers will be hit hard as they have already started the construction of expensive apartments that they can no longer sell as tenant-owned apartments. Some of them could possibly be converted to rental units, but rent levels would not reach today's new production rents. This is because it is usually the same group of people who can afford the expensive condominiums that can pay the high new production rents. The larger property developers will probably be able to cope with this situation, given their strong balance sheets. The newly formed smaller developers, however, that have popped up like mushrooms in recent years and have weak cash flows, will have a tougher time.

TOMAS NYSTRÖM

Age 42.

Lives: In Stockholm.

Title: Partner, RICS, Authorized Property Valuer.

At Nordier since: 2010.

Former employers: Vårdia Jæger & J:son.

Interests: "Family, AIK (football team) sports, sailing, coaching my son's football team."

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My assessment is though that interest rates will remain low for yet a while. A continuing low-interest market means that the institutions must continue to invest, directly or indirectly, in real estate. This will benefit the real estate market, and therefore my assessment is that the boom in our industry will continue.

THE ONLY SCENARIO I can think of that could turn things for the worse would be a situation where the housing market comes to a halt at the same time as the Swedish economy received a heavy blow. Assuming that this causes unemployment to rise so that Swedes can no longer afford to pay their mortgages. That would cause major problems for the banking sector and it would again be difficult to borrow money for real estate acquisition, as in 2009. Having said this, I still have difficulties seeing this scenario happening in the short term.

TWO YEARS AGO, I wrote a similar article in this magazine. The key message in that article was that the market is determined by expectations. Thus, if there were to be published a large number of articles saying that "We are heading for the worse", "This is the end", and similar, this would probably lead to a slowdown in the market. However, since then, I've experienced that everyone I talk to are prepared for this. These articles have been written and furthermore, we have experienced concerns of the Chinese economy, Britain's decision to leave EU and the election of Trump, and still the market is behaving very sensible. To me it is clear that the low interest rate climate is such a strong engine for the real estate industry, that it would require a huge blow to the Swedish economy, in order for the real estate industry to end up in a recession in a low interest environment. ■

PICTURE: NORDIER

Cross-border investments in the Nordics on the rise

■ The Nordic countries continue to be a hot market for real estate. With four solid markets cross-border investments have surged 23 percent.

By: Axel Ohlsson // **Picture:** Savills

Cross-border investment into Europe's Nordic countries (Denmark, Finland, Norway and Sweden) rose to EUR 5.5 billion in the first half of 2017, 23 percent up on the same period in H1 2016. This represents a 29 percent share of the total volume invested in the Nordics in the year to date, according to research by international real estate advisor Savills.

SWEDEN AND NORWAY were the principle recipients of international money, accounting for 66 percent of total cross border volume, according to Savills. Overall total investment volume in the Nordics reached EUR 19 billion in H1 2017, slightly lower than the record high reached in the same period last year, however Savills expects full-year volumes to reach EUR 33 billion, an increase of four percent on 2016's total.

H1 INVESTMENT IN DENMARK reached a new H1 record this year at EUR 4.2 billion, 19 percent up on the same period in 2016, says Savills, while in Norway H1 2017 turnover almost doubled to

EUR 4.4 billion as a result of a surge of investment into the hotels sector. Half year investment in Sweden reached EUR 7.8 billion, down on 2016 levels, but still 19 percent higher than the five-year H1 average, while activity in Finland decreased 32 percent during H1 due to a lack of available prime opportunities.

ACCORDING TO SAVILL'S research, offices remain the preferred investment sector, accounting for 34 percent of all H1 investments in the Nordics, down slightly from 39 percent in H1 2016. The 'multi-family' sector saw a three percent rise in investment on the same period last year, accounting for 28 percent of the market and receiving EUR 5.4 billion, ahead of retail (22 percent market share, up from 17 percent) and logistics (ten percent).

"The highly urbanised nature of the Nordics, combined with population growth, is driving a need for professionally managed residential accommodation of different tenures and sizes in major cities such as Copenhagen and Helsinki, and this has caught investors' interest sending volumes up. Meanwhile, strong investor



Peter Wiman.

appetite for offices last year saw the average Nordics prime office yield move in to 3.75 percent. This is still more attractive than prime office yields in core European countries such as France and Germany, so the sector continues to attract strong investment, but it has did lead to some buyers exploring what other opportunities there were in the marketplace, hence the rise of multi-family," says Lydia Brissy, European research director at Savills.

"Overall the property fundamentals of the Nordics are solid, with the region offering an alternative option to core European destinations, given its very competitive pricing. As in any other European markets, alternative assets such as multi-family will continue to capture a growing share of total investment, but we forecast that senior housing in Finland, Sweden and Norway, student housing in Denmark, and the hospitality sector in Norway will also grow in popularity, albeit offices will probably continue to prevail in the face of strong rental growth," says Peter Wiman, Acting Head of Swedish Investments. ■

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“You have got to let it take time”

■ Many big city suburbs have historically been viewed as hopeless both from a social and economic perspective. Balder works to turn this around by having trust and long-term thinking as keywords.

By: Axel Ohlsson

“THERE ARE DIFFERENT WAYS to look at these areas,” says Sharam Rahi, deputy CEO of Balder, when he meets Fastighets- sverige on the roof top of the company’s headquarters in central Gothenburg.

“Looking upon it as a real estate owner, the houses in these areas were built during a time when it was urgent to produce houses quickly, meaning that they aren’t of the best quality.”

“Looking upon it as a tenant, these are areas where many people enjoy the surroundings, the atmosphere and their neighbours. Obviously security is a big question in these areas but you should not forget that 99 percent of the people living there are good people who go to work and take care of their children. This is rarely talked about, instead focus is on the negative side, which is sad. We feel that people like living there but they want to be able to upgrade their standard of living, without leaving the area.”

“THEN WE HAVE the human perspective. There are a lot of people who wants to help, and who does a lot of things to help. People have big hearts. We see that every time something – big or small – happens here in Sweden or in other parts of the world. From this perspective we are definitely not alone in trying to improve the situation.”

BALDER’S WORK IS FOCUSED on two areas: Vårby gård in Stockholm and Bergsjön in Gothenburg. It started in 2009 when Balder acquired the listed company Din Bostad, who owned houses in Vårby gård.

“We started in Vårby gård. It was mainly about refurbishing the properties and listening to the tenants. You have to work with both simultaneously. We have seen the value in investing in soft values if it’s done correctly.”

To develop the soft values, Balder has recruited people to function as a link between the tenants and the management.

“We have hired people in these areas who only work with communication and dialogue. They are separated from the property management and their job is to find out what the tenants think and what they feel is needed in the area.”

By listening to the tenants Balder has developed areas in different ways.

“Since we started with an empty sheet we have first listened and then acted. Every area is unique and we let the voice of the tenants influence our path as far as possible.”

AMONG THE INITIATIVES in Gothenburg there is Bergsjöpoolen, where tenants of Balder in Bergsjön are assisted with job applications and jobs.

“During the time you are working in Bergsjöpoolen you can look for other things. The ambition is that it should function as a floodgate, since it is easier to look for another job when you have the stability of already having a job. Then there are some who stay with us because there is a need for them. The initiative has been a success.”

“The trend has been amazingly positive. We hope to develop Bergsjöpoolen so it grows bigger, today we can barely tend to all the applications coming in.”

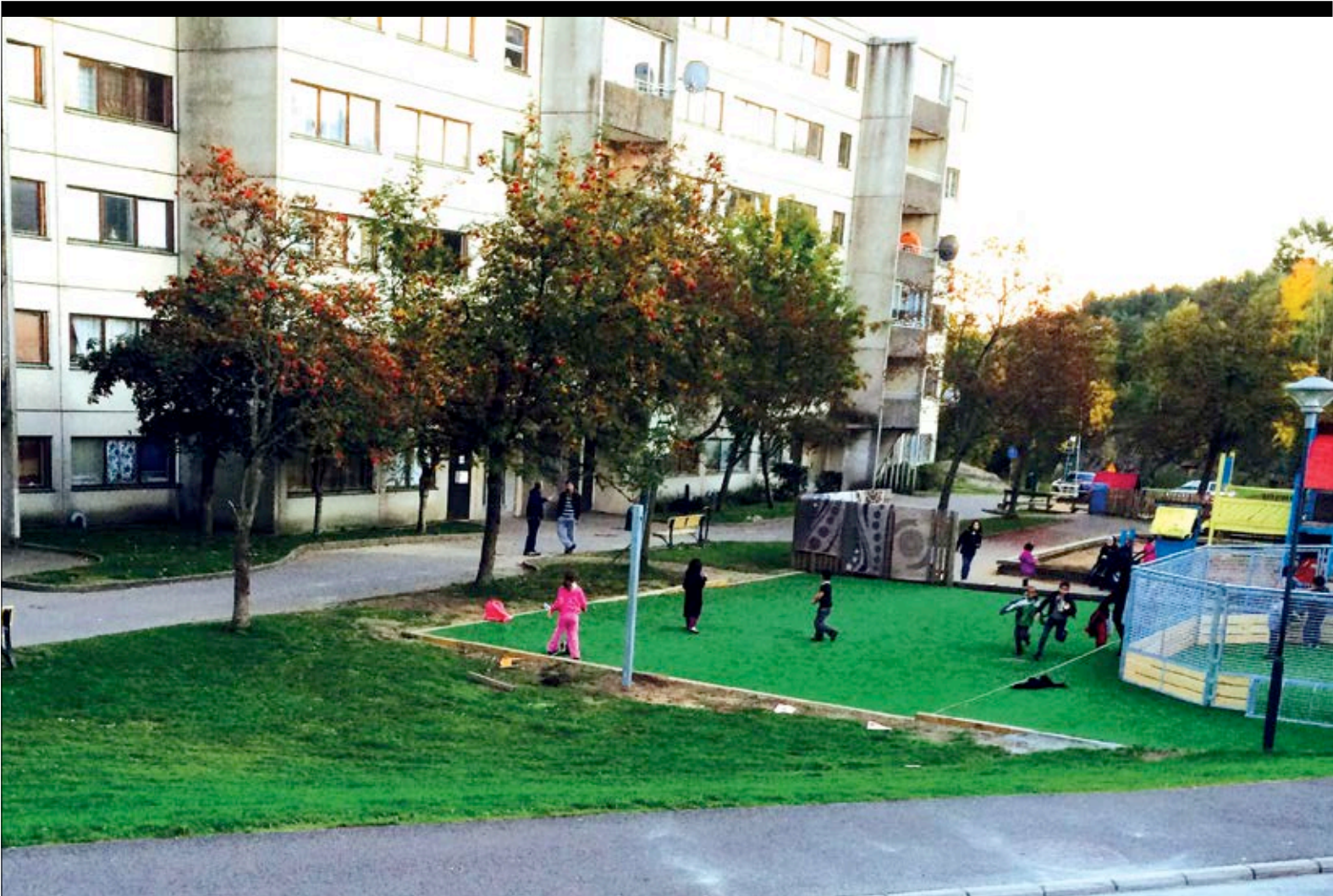
SHARAM RAHI POINTS OUT that he himself is not a figurehead for the development in Bergsjö and Vårby gård, but that it is a teamwork. He is also clear that neither himself nor Balder have the answers as to how to succeed.

“You must not forget that it is not possible to say ‘We succeeded’ ➤

TEAM PLAYER. Deputy CEO Sharam Rahi points out that success is the result of teamwork.



PICTURE: AXEL OHLSSON



PICTURE: BALDER

FOCUS. Bergsjön in Gothenburg is one of the area Balder’s work is focused on.

»*We do this for our tenants, not to show the world how good we are.*«


➤ in Vårby gård, now we are going to do the same thing over here’, you can’t copy things in this way. A lot of work is needed and most of it is a question of what team you assemble, and that they have an interest in working with their area based on the conditions there.”

“We haven’t set an end date for this, that’s why we don’t call it a project. I have always said that it will take 20 years to turn the trend, because you can’t rebuild all the houses in one day nor gain the people’s trust in one day. It’s about showing every day that we want to make a change and that the tenants really feel that. You’ve got to let it take time.”

“As long as we do this, we believe that the lever can be very big at the end of the day. Right now there are little differences each year, but we are happy for those as long as they are positive.”

“We do this for our tenants, not to show the world how good we are. I believe that you have to be careful with saying that you are an expert in these things, because you are not – at least I’m not,” says Sharam Rahi and laughs.

THE TEAM WORKING WITH these matters is important, but there is also an extended team. In both Stockholm and Gothenburg, Balder stay in close contact with the municipalities.

“They have been extremely helpful and engaging in all sorts of ways. We talked to a lot of people before we acquired in Bergsjön and everybody was very positive and has really been there. The municipalities do a lot already so they are of course happy when someone else comes along and says: ‘We also want to help’.” 

The boom is continuing – where to invest?

Risks and opportunities on international markets: EXPO REAL, Europe’s leading trade fair for property and investment, will be returning in October to offer guidance that will prove valuable in these fast-moving times.

In 2017 the boom in the property industry is continuing, and the industry is confident about the future. The European Central Bank is sticking to a policy of low interest rates which supports this positive development. Although uncertainty as to how much longer this low-interest phase will last is growing, the industry initially expects rather moderate changes, which will not mean a complete turnaround, but offer the chance for the markets to adjust gradually.

At the same time Europe is witnessing a turbulent period in the world of politics. The European Union is struggling to find its orientation for the future. After the British Brexit decision in 2016 and with rather nationalistic tendencies in other EU countries as well the French election was of decisive significance. The new French President Emmanuel Macron wants to push closer economic and political cooperation with the EU and thereby strengthen the EU, in particular vis-à-vis the US and the looming protectionist policy under President Donald Trump. As yet it is unclear what the medium- and long-term effects of America’s policy on the property and investment markets will be.

A Look into International Markets, Strong Presence from Northern Europe

Germany is still regarded as one of the most sought-after markets for property investments. The reasons are economic and political stability. But meanwhile investment properties have become scarce in Germany, and yields have touched bottom. Other European markets are, however, also offering strong general conditions and good investment opportunities. In this context it is mainly Spain, the Netherlands, Sweden, Finland and France, but also still the UK that need to be considered. The best way to get information on these heterogeneous markets of the European continent and more is by attending EXPO REAL. Europe’s biggest trade fair for property and investment will be taking place in the German city of Munich from October 4 to 6, 2017.

Many international companies as well as towns, cities and regions from across Europe will use this trade fair to present themselves and their projects. Invest Stockholm Business Region, Business Region Goteborg, Catella Corporate Finance and Pandox will be coming from Sweden. The City of Helsinki will be representing Finland together with several other cities and companies. And CBRE will be there with its branch offices from Norway, Finland and Denmark among others.

Other country pavilions from the UK, Switzerland, the Netherlands, Austria, Italy, Luxembourg and the US will be focal points for all those who want to obtain information on these countries. A total of about 400 experts will also be taking an in-depth look at the risks and opportunities of the international markets and their development in the extensive conference programme of EXPO REAL. The INVESTMENT LOCATION FORUM will devote a special event to France. But quite apart from the geographical focus the conference programme will also look at urban development projects and individual segments, such as hotel and tourism, logistics, retail and health in an international context.

EXPO REAL will also focus on digitization and technological innovation. At the centre of this is the new Real Estate Innovation Network (REIN), an especially created platform, which gives international start-ups the opportunity to make contacts with industry experts and investors, thereby promoting the exchange between technology companies and the property industry. Startup Battlefields, where ideas will be presented to the trade fair visitors and a top-notch jury, and a conference program focusing on digitization in the property industry will round off the Real Estate Innovation Network.

Last year there were 1,768 exhibitors from 29 countries and 39,000 participants from 77 countries at EXPO REAL. Find more information and visitors’ tickets for the trade fair at exporeal.net, the EXPO REAL Blog at blog.exporeal.net is also worth reading.



About 1,850 international companies as well as towns, cities and regions from across Europe will use this trade fair to present themselves and their projects.



About 400 experts will be taking an in-depth look at the risks and opportunities of the international markets and their development in the extensive conference programme.



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