



FASTIGHETSSVERIGE

PORTRAIT

Anders Nissen will never get old

SWEDEN TODAY

"Everything indicates property right now"

RETAIL

GE's former Europe President in new venture



Extra
magazine
inside!

THE LEADING PROPERTY MAGAZINE IN THE NORDIC REGION

Posttidning B

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High pressure on the Swedish retail market

THERE IS PROPER HIGH pressure on the Swedish market in terms of foreign actors looking for store locations here. International icons, such as Chanel, Michael Kors, Louis Vuitton, Victoria's Secret, Hackett and Apple are already represented with flagship stores here. A report by the consultancy company JLL establishes that Stockholm is a springboard for retailers on their way into the Nordic market, and has the highest density of international retailers compared to other Nordic cities. Stockholm is expected to have the largest rental growth in the segment in the Nordic countries up until 2017. So the market for investments in retail properties in Sweden is also strong, and interest from international investors remains great.

IN SUMMARY, there is an incredible amount of exciting things going on on the Swedish retail market. For Fastighetssverige, as the prime medium in the Nordic property market, it is therefore self-evident to be present at Mapic.



Editor-in-chief // Eddie Ekberg

HAPPY READING!

4 2015 // Year 11

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On the cover // Anders Nissen
Read the interview on page 24.

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 **NREP**

Generating superior risk adjusted returns in the Nordics
by working with focused investment strategies and hands on asset management



About NREP

NREP is a leading Nordic private equity real estate firm. NREP was established in 2005 and has since inception raised 8 funds and executed over 170 property acquisitions and developments in the Nordic region, of which 77 have been exited. NREP currently has total assets under management of €2.2 billion, employs more than 50 professionals across four offices in Copenhagen, Stockholm, Helsinki and Oslo and is fully owned by its partners.

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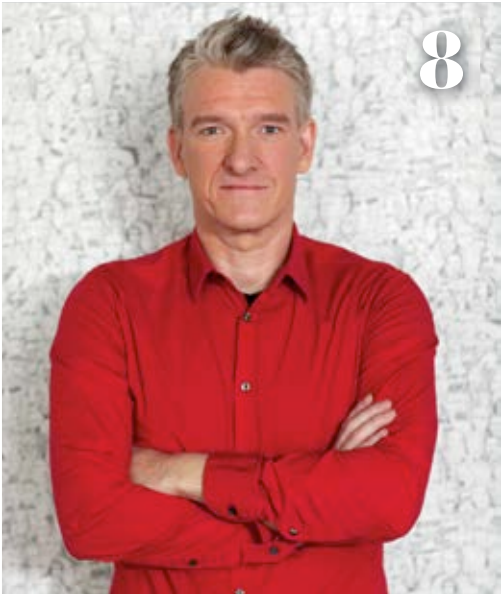
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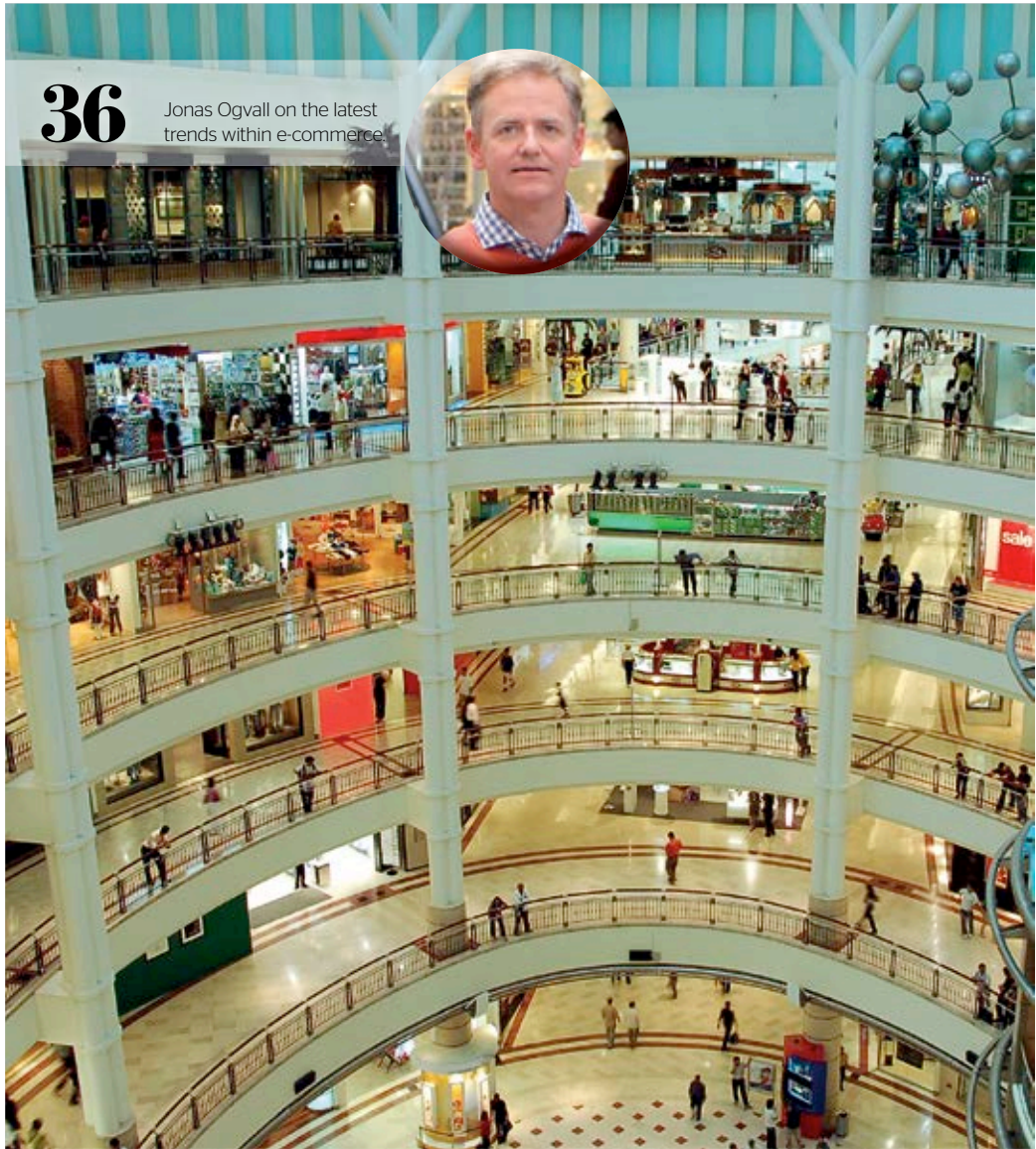
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LIKES SKIING

Name: Tor Borg.
Age: 47 years.
Family: Live-in girlfriend and four children.
Lives: Hammarby Sjöstad, Stockholm.
Profession: Chief Economist, SBAB.
At SBAB since: 2007, Chief Economist since 2012.
Former employer: Swedbank Robur, Folksam and Riksbanken.
Leisure interests: "Swimming, running, bicycling, skiing and considering becoming a politician."



PICTURE: SBAB

■ More Chinese risks, political deadlock in Sweden – an economy that is trundling along, supported by ultra-low interest rates.

SBAB’s Chief Economist, Tor Borg, here provides his view of the macro-economic situation.

We are living in interesting times

“May you live in interesting times” is a saying that become generally known when it was used by Robert F Kennedy in a speech in 1966. The expression is said originally to have been an old Chinese curse, even if this cannot be historically proven, but has taken on more of the character of a blessing. Times of worry, uncertainty and conflict are often interesting, as are times when technology, economics and politics are developing rapidly. As an economic analyst, it is difficult to claim that the most recent ten–twenty years have not been interesting times, with, among other things, the whole IT revolution, a new currency (the euro), a stock market bubble, a global financial crisis, a dictatorship whose economy is growing so quickly that it might soon be the biggest in the world, zero inflation and rocketing housing prices. It has been possible to really test most economic theories and models in a sharp situation.

So what is there in the crystal ball that might make the future interesting for us with a penchant for analysis? I can see several things, but thought I would dwell on the three that I think have the greatest potential: the development in China, Swedish politics and Sweden’s housing market.

ACCORDING TO OFFICIAL FIGURES, the Chinese economy has grown by more than nine per cent per year for the last 20 years. Currently, China is contributing more to global growth than the USA. We have probably all read about how desperately rapid the development is, that the four largest banks in the world are Chinese, how many kilometres of high-speed railways are being built every week, how large a proportion of global raw material consumption that takes place in China, and so on. Just like Japan, Taiwan and South Korea developed before, China is now on its way into a phase where export- and investment-driven growth is being replaced by more consumption- and service

production-based growth. This is a natural step, yet it means that overall growth will not be quite as desperately rapid in the future. There are clear risks for both the Chinese economy and that of its trading partners when Chinese demand turns from raw materials to services. The risk is even clearer when you consider how large the Chinese construction and property sectors have grown. The International Monetary Fund has estimated that the proportion of GNP of housing construction is more than ten per cent, and that the construction sector is responsible for 16 per cent of employment in the cities. Both figures are very high and indicate, together with the price development on the housing market, that there is an increasing risk of a crash on the property market. It will be interesting to see how the hard-to-analyse Chinese authorities deal with this risk in the future.

»The Swedish economy is trundling along at a pleasant speed, with increased employment and falling unemployment.«

THE SWEDISH ECONOMY is trundling along at a pleasant speed, with increased employment and falling unemployment, supported by ultra-low interest rates and a weak exchange rate. Goods exports are weak, but domestic demand is developing in a stable way and households have good finances. There are risks linked to weak export demand, an increasing level of household debt and a rate of

SBAB

SBAB Bank is owned by the Swedish government and has around 400 employees. SBAB started its operation in 1985 with the task of borrowing funds on the credit market for government mortgage lending. Today, SBAB is an independent profit-making bank. SBAB offers mortgages and private loans to private individuals and property credits to property companies. The company also offers savings accounts for private individuals, companies and tenant-owner’s associations.

inflation that balances around zero, but in my view the most important aspects are the political risks that have been built up. The election in 2014 resulted in an unclear majority situation. We were staggeringly close to a new election, and may very well stagger into another one soon (perhaps we have already done so – the situation can change quickly over 24 hours nowadays). The parliamentary situation is unclear to say the least, and politics is done on a sort of day-to-day basis. The lack of a clear government mandate creates a political deadlock, the reforms that are implemented are small and mostly concern symbol politics. At the moment, that might not be a big problem. Large parts of economic policy would probably benefit from being placed on auto-pilot for a while. But what happens if a major crisis occurs, that requires rapid and perhaps unpopular political decisions?

THE POLITICAL DEADLOCK is perhaps clearest when it comes to the housing market; a market in need of thorough reforms. Irrespective of political colour, most people are agreed on the problem and what needs doing. The housing stock is growing too slowly, in particular in the expanding regions, and the stock that exists is used too poorly. Obstacles to housing construction must be eliminated. Regulations that make construction more difficult, more expensive and delayed should be removed or changed. Taxes, fees and regulations that prevent housing turnover or make it more expensive should be changed or removed. But what we are getting are instead increased regulation of the mortgage market, which is perhaps necessary in itself, but the side effect is a reinforcement of the forces that slow down housing construction and increase the lock-in (reduce turnover). The risk is clear that the combination of a strong economy, extremely low interest rates and misguided or non-existent political measures further increase the imbalances that already exist on the housing market. It will be interesting to follow future developments. ■



Here are the **15** most read articles at nordicpropertynews.com since 27 August. 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:** Nicklas Tollesson

③ Standard Life Investments completes purchase of Swedish retail park



PICTURE: STANDARD LIFE

Standard Life has bought Lämma Retail Park in Stockholm.

 The Standard Life Investments European Real Estate Club L.P. (Euro Club) has completed the purchase of Lämma Retail Park in Stockholm, Sweden from an IVG fund.

Lämma Retail Park is well established, having opened in 2002. It totals approximately 33,400 sqm of retail space, currently leased to 12 tenants. It is home to

an attractive mix of retailers, anchored by three of Sweden's leading retail chains; hypermarket City Gross, and consumer electronic chains Media Markt and Elgiganten.

Daniel McHugh, Head of Continental European Real Estate at Standard Life Investments, commented: "This deal is a strong continuation of the fund's

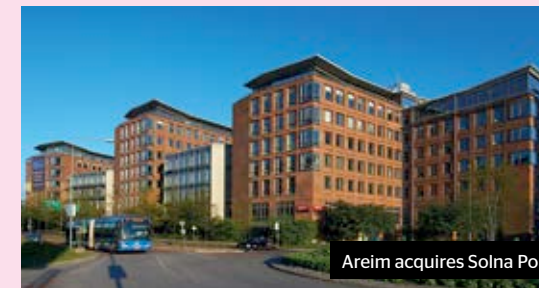
investment programme. Our strategy is to focus on prime assets in core European markets with some measured risk, and this acquisition perfectly reflects this approach. Retail sales in Sweden have grown steadily in recent years and Lämma Retail Park is well placed to take advantage of further local growth." **2015-09-17**

④ Areim Fund II acquires Solna Port



Areim Fund II acquires the property Brahelund 2 in Frösunda, Stockholm from German Commerz Real. The total lettable area is approximately 41 000 sqm, of which approximately 18 000 sqm office premises are vacant today.

The property, also known as Solna Port, is a modern and flexible office property with a newly built restaurant and gym. "It is an interesting opportunity for us to own a property



PICTURE: PER-ERIK ADAMSSON

Areim acquires Solna Port.

in an established yet expansive area in Stockholm. Solna Port has the right commercial fundamentals and the investment is in line with our fund strategy," says Mikael Hesselvall, CIO at Areim.

Colliers International has acted as adviser to Areim. **2015-09-29**

② Fund in €554M purchase of prime retail portfolio in central Oslo



A fund and clients advised by Meyer Bergman have agreed to purchase a portfolio of 11 prime properties in central Oslo's principal shopping district for €554 million.

The Norwegian company selling the assets is 65% owned by Søylen Eiendom and the balance by Madison International Realty.

The portfolio's properties are concentrated on or around Karl Johans Gate, the prime shopping street of the Norwegian capital, and include the Steen & Strøm and Eger Karl Johan department stores. Tenants include Hermes, Gucci, Bottega Veneta, and Georg Jensen. The purchase is con-

sistent with previous high street investments in the Nordic region by Meyer Bergman, which has also purchased assets on avenue des Champs-Élysées in Paris and Bond Street in London.

Markus Meijer, Chief Executive Officer of Meyer Bergman, said: "This is a signature high street investment for us. The portfolio is made up of prime assets in a superb location in Oslo that is a magnet for Norwegian shoppers and tourists. The luxury retail offer in Oslo is still quite limited for a city with such a wealthy and growing population, which is why we see plenty of scope to add value to these assets for our investors." **2015-10-02**

⑫ Sato sells 760 apartments and acquires 379



Finnish housing company Sato has completed two large residential property transactions. Sato Corporation has sold 760 rental apartments to Y-housing, a company owned by the Y-Foundation. The apartments are mainly located in Jyväskylä, the Lahti region and municipalities surrounding the Helsinki Metropolitan Area.

Vice President Tuula Entelä from Sato: "At Sato we'll continue to focus our rental homes supply on the Helsinki Metropolitan Area, which is the target of the highest rates of migration and has the strongest demand for rental homes. In our operating areas we concentrate on locations with good transport links and access to a well-functioning service network in the immediate vicinity."

Sato has also bought 379 rental homes from Icecapital Housing Fund I Ky. Most of these are small homes in the Helsinki Metropolitan Area. The value of the transaction totals €68 M. **2015-09-04**



PICTURE: SATO

Tuula Entelä

⑨ FASTILIUM PURCHASES IN FINLAND



Swedish Fastilium has signed a deal concerning student housing in Finland, with Trimalchion Capital GmbH. The deal means the acquisition of a property portfolio with a total project value of MSEK 443 (€47 M) and the properties are purchased "turn-key" at a net operating income of 6 percent.

The property projects are designed to construct two specially adjusted properties for student housing with approximately 500 beds.

The property projects are located in Uleåborg and Helsinki with approximately 250 beds each. **2015-09-16**

⑪ NORWEGIAN OIL FUND MAKES NEW INVESTMENT IN SAN FRANCISCO



Norway Norges Bank Investment Management (Norwegian Oil Fund) has acquired a 49.9 percent interest in 888 Brannan, a 445,000 square foot office

property located at 888 Brannan Street in San Francisco, in joint venture with TIAA-CREF.

The total property value is 307.1 million dollars (€273 M). The asset is unencumbered by debt, and no financing was involved in the transaction. **2015-09-17**



Norges Bank Investment Management (Norwegian Oil Fund) has acquired a 49.9 percent interest in 888 Brannan, a 445,000 square foot office property.

⑬ AREIM SELLS LINDHAGENSporten TO INVESCO REAL ESTATE




Areim sells Lindhagensporten in Stockholm, on behalf of Areim Fund I to global investment manager Invesco Real Estate via its local partner, Scius Partners.

The property ties Kungsholmen and Lindhagensgatan together and thus creates the most attractive location at Lindhagen. **2015-09-03**



Veidekke will build its own headquarters on the property Nedre Skøyenvei 24-26 in Oslo.

10 Veidekke acquires from Norwegian Property

 Veidekke has entered into a contract with Norwegian Property to buy Nedre Skøyenvei 24-26 in Oslo, with takeover in March 2019. Veidekke wants to develop the site to build new headquarters for the Group and build several hundred homes.

"Veidekke has long been on the lookout for a project to develop at Skøyen for new headquar-


ters. This property is perfectly suited to developing modern headquarters, and we can also develop and build more than 400 homes in an extremely attractive area. Here we can exploit our expertise both as a construction and property development company, and we also envision contributing to developing Skøyen as a future-oriented city district," says

Veidekke's CEO and President Arne Giske.

The site is 22,600 sqm in size, and is currently developed for commercial purposes.

The purchase price is MNOK 799 (€87 M), of which MNOK 749 (€81 M) is due upon takeover and MNOK 50 (€5.4 M) is due on entry into contract. **2015-09-11**

8 CBRE Global Investors' first acquisition in Denmark

 CBRE Global Investors has acquired a recently opened logistics property at Copenhagen Airport, Denmark, for a purchase price of €16 M, reflecting a net initial yield of 6.4 percent.


The 8,799 sqm newly built Grade A property is loca-

ted at Copenhagen Airport. It is fully leased to Fed Ex on a long-term lease, and has direct access to the freight airplane staging.

Rik Eertink, CEO Nordics, CBRE Global Investors said: "This is our first acquisition in Denmark and means

CBRE Global Investors now has full exposure to the Nordics, with investments in all four countries. We are aiming to execute additional acquisitions in the short-term in the Nordics and are actively scanning the market for that purpose." **2015-09-16**

7 Agneta Jacobsson leads the new Cushman & Wakefield in the Nordics

 Agneta Jacobsson has been appointed Swedish CEO and responsible for the Nordics for the new Cushman & Wakefield, which has now merged with DTZ. Anders Nordvall is Head of Capital Markets.

"It will be an amazing company and I am very happy that I get to lead and develop it. I also look forward to working with Anders and the others from the old Cushman & Wakefield. It is a well established team of coworkers who really make a difference in the field," Agneta Jacobsson says.


She believes that both companies complement each other well.

"A year ago Cushman & Wakefield was basically nothing in Sweden, but a lot has happened and they now have a fantastic transaction team. We have made around 50 transactions this year but apart from a few large deals the majority has been smaller transactions. With Cushman & Wakefield it becomes a whole other segment." **2015-09-03**



Agneta Jacobsson has been appointed Swedish CEO at Cushman & Wakefield.

1 Partners Group acquires large property portfolio from Sveafastigheter

 Sveafastigheter has sold a large property portfolio out of Sveafastigheter Fund II, with a value of approximately MSEK 3.2 billion (€340M). The portfolio was acquired by Partners Group, a global private markets investment manager headquartered in Switzerland, via a secondary transaction on behalf of its clients.

The portfolio includes 32 properties in Sweden, Finland and Estonia, incorporating retail, office, hotel and public use properties with a total lettable area of 250,000 sqm.

Fabian Neuenschwander, Senior Vice President, Partners Group says:


"We forecast continued strong performance in Nordic real estate markets, along with Estonia, and see a lot of potential in the assets we have acquired from Sveafastigheter Fund II. We were able to buy the portfolio at an attractive price in a proprietary transaction on behalf of our clients."

The senior financing was provided by Nordea Bank. The advisers on the seller's side were Leimdörfer and Roschier. Advisers to the buyer were Wistrand and PwC. **2015-09-11**



Björn Daehlie

15 Norwegian skiing giant divests four properties


 Norway Ski Holdings AS, jointly owned by the old skiing giant Björn Daehlie and Vidar Svendberg has divested four properties in Norway for MNOK 443 (€48M).

The buyer of the four office properties,

encompassing approximately 12,000 sqm, is a syndicate created by Arctic (three of the properties) and Lerka Eiendom (one property).

The purchase price is equal to a 5.5 per-cent yield. **2015-09-04**

5 SAGAX ACQUIRE OFFICE PROPERTY IN HELSINKI

 Swedish listed property company Sagax acquires a production and office property in Helsinki for approx. €10M.

The seller was Renor Oy.

The lettable area of the building is approx. 12,000 sqm

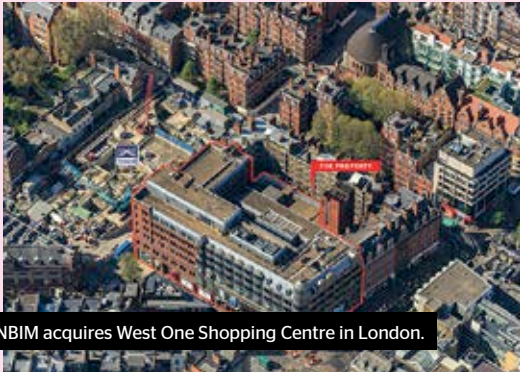
and the property is located in the Aviapolis area in Vantaa along Ring Road III. The property is fully leased to a long-term tenant.

Advium acted as the seller's advisor. **2015-08-28**

6 NORWEGIAN OIL FUND ACQUIRES SHOPPING CENTRE IN LONDON

 Norges Bank Investment Management (Norwegian Oil Fund) has acquired a 100 percent interest in the West One Shopping Centre and 75 Davies Street, a 90,000 square foot retail and office property located above Bond Street Underground station in London.

Norges Bank Investment Management paid 240 million pounds for the entities that own the 95-year long leasehold interest in the property. The asset is unencumbered by debt, and no financing was involved in the transaction. **2015-09-25**



NBIM acquires West One Shopping Centre in London.

14 NREP LOGICENTERS SECURES MORE THAN 277,000 SQM OF NEW PRIME LOGISTICS SPACE

Nordic Real Estate Partners (NREP) has purchased six logistics properties totaling 223,500 sqm. In addition to this, 53,600 sqm are under development and due for completion on a pre-let basis during Q1 2016. All the assets are located in key logistics hubs in Sweden, Denmark and Finland.

Nordic Property News estimates the property value in these deals to €200 M.

"We are pleased that we have been able to grow our logistics portfolio across the Nordics piece by piece with well-located prime assets despite the increased market competition" says Rickard S. Dahlberg, Co-CIO and Partner at NREP. **2015-09-25**

Rickard S Dahlberg

Historically high yield gap in Sweden

■ Patrik Kallenvret, Managing Director of CBRE Sweden is seeing many positive signs on the Swedish property market.

“The greatest threat is that no real threats are visible – historically, that has been a warning signal,” he says. **By:** Nicklas Tolleson

LAST YEAR, THE TRANSACTION volume on the Swedish property market was at the same level as during the record years before the financial crisis – around SEK 150 billion. There are strong indications that this year’s level will be as high, if not higher.

“There is an enormous pressure on the market, at the moment everything indicates property. Interest rates are low – the repo rate is at -0.35 per cent, which is historically low – the rental market is very strong and there is a lot of capital to go into property,” says Patrik Kallenvret, Managing Director of CBRE Sweden, which with 250 employees is one of Sweden’s largest property consultants.

SINCE THE FINANCIAL crisis, domestic capital has dominated the Swedish market – both the listed property companies and institutionally owned companies have grown markedly over the last few years – but recently, international investors have once again represented a growing proportion of the purchase volume.

“The international investors aren’t as prominent as in 2006– ➤

POSITIVE. Patrik Kallenvret, Managing Director of CBRE Sweden is positive about the Swedish property market. “The greatest threat is that no real threats are visible,” he says.

PATRIK KALLENVRET

Age: 44 years.

Lives: Tyresö, Stockholm.

Family: Wife and three children.

Title: Managing Director of CBRE Sweden.

Background: In his second stint at CBRE. Was Deputy MD (under Magnus Ungmark) when he left CBRE for Catella in 2007. Went on to DTZ in 2010 and returned to CBRE as Managing Director in 2013.

Leisure interests: Sports – football trainer for his son’s team in Tyresö FF – and fishing (he is partly descended from an old fishing family on the west coast and partly descended from Lapland, where a lot of fishing is done).

CBRE SWEDEN

- Around 250 people work at CBRE Sweden.
- The company has offices in Stockholm and Gothenburg.
- CBRE Sweden offers advice within Asset Services, Building Consultancy, Capital Markets, Global Workplace Solutions, Industrial & Logistics, Office Leasing, Research, Retail and Valuation Advisory.



➤ 2007, when they represented almost 50 per cent of the volume, but the number is rising and is now around 30 per cent,” says Patrik Kallenvret.

“There is also a large part that doesn’t show in the statistics, for example international institutional capital that is invested via Swedish property funds.”

➤ **So what is attracting international investors?**

“Swedish fundamentals are looking good. Sweden has a stable economy and is showing good growth. Although yield levels have fallen recently, the yield gap between direct returns on property and, for example, the interest on a ten-year government bond, which has historically been high, is currently around 3,5 per cent if you look at office property in Stockholm’s CBD. In an international comparison, the yield gap is much greater in Europe than in the US and Asia, and Sweden is well placed even from a European perspective.”

“If you continue the international comparison, -many investors thought that Sweden was too expensive a couple of years ago, but

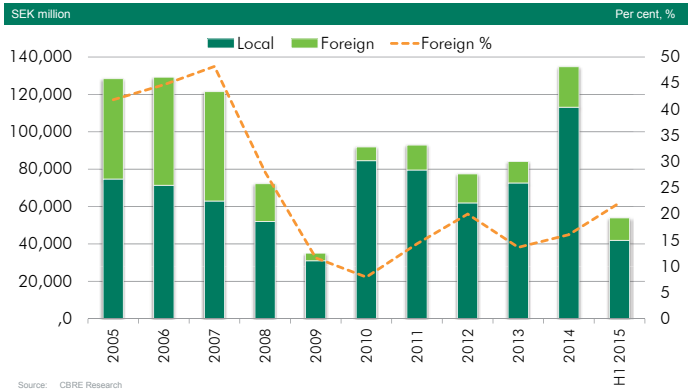
since then other markets have caught up and in some cases passed Sweden, which has made Sweden an attractive market again. At Mipim eighteen months ago, we had to convince international investors that Sweden was interesting; last spring they knew it themselves,” says Patrik Kallenvret with a smile.

A LOT OF INTERNATIONAL capital is coming from Norway, Germany, the UK and the US.

“But institutions all over the world have allocated more and more money to property over the last few years, and it looks like this trend is continuing. What we have seen lately is that institutions from Taiwan, for example, are now allowed to invest abroad, and that institutions from South Korea have been allowed to increase the property allocation. We are seeing increased interest from Asia when it comes to property in Sweden, primarily indirect but also direct if the object is right. As long as property is seen as a cost-effective asset class, the allocations will increase.” ➤

TRANSACTION MARKET SWEDEN

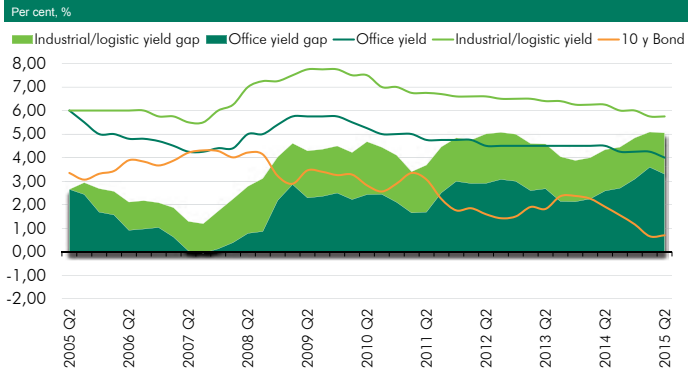
Local vs. Foreign, 2005 – 2015 (2008 excl. Vasakronan c. SEK 41 billion)



CBRE

TRANSACTION MARKET SWEDEN

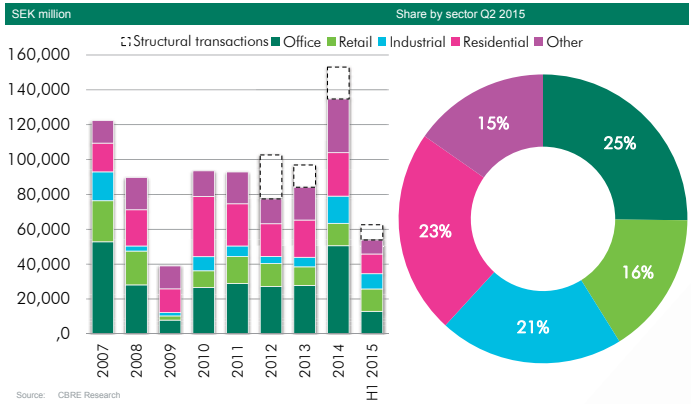
Yield Gap, Q2 2005 – Q2 2015



CBRE

TRANSACTION MARKET SWEDEN

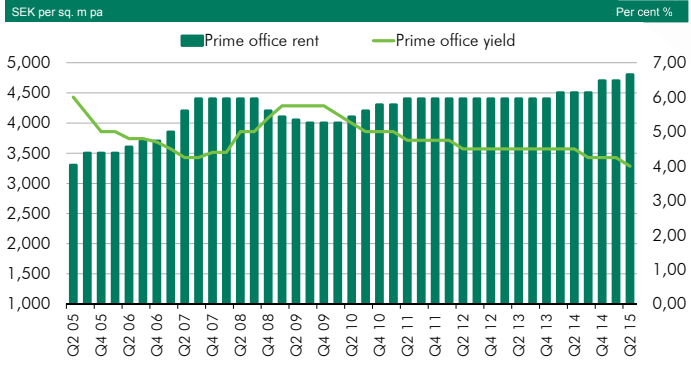
Investment volume by sector, 2007 – 2015 (2008 excl. Vasakronan c. SEK 41 billion)



CBRE

STOCKHOLM PROPERTY MARKET

Office prime rent and prime yield, Q2 2005 – Q2 2015



CBRE

»The greatest threat is that no real threats are visible.«

» The international investors are primarily interested in the retail and logistics segment. When it comes to housing and social property in Sweden, our market is still considered relatively expensive.

“RETAIL PROPERTIES ARE considered too difficult to manage, largely because they are affected by consumer actions, which can be difficult to predict. At the same time you can transfer knowledge across borders in a different way from, say, offices – you could imagine that customers in a shopping mall in Gothenburg have great similarities with visitors to a shopping mall in Germany. At the same time, shopping malls often have the same international chains as tenants, which means that the international investors have had contacts with the tenants before. The domestic actors have also historically been relatively passive within the retail segment, which means that price levels are attractive.”

» Overall, things are looking very positive on the Swedish property market at the moment. Perhaps too positive?

“The greatest threat is that no real threats are visible. Traditionally, that has been a warning signal – that the market itself doesn’t realize what might have a negative effect is a risk in itself. The fundamentals for Sweden are looking very good, but then we are part of an increasingly globalized market; what happens in the world – does of course have an impact on us as well. We think the US interest rates will turn upwards slowly, which will affect the European and Swedish markets. That’s one of the things we are keeping our eyes on.”

PICTURE: ISTOCKPHOTO



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



Largest in Norway – and Sweden

■ Border trade and the acquisition of five shopping centres from Steen & Ström makes the Norwegian Olav Thon Group Sweden’s largest shopping centre owner, both in terms of turnover and of area.

“We are seeing further expansion in Sweden ahead. We’re interested in both shopping centres and hotel properties,” says Dag Tangevald-Jensen, Group Director at the Olav Thon Group. **By:** Nicklas Tollessen // **Picture:** Olav Thon Group

THE OLAV THON GROUP has for long been Norway’s by far largest shopping centre actor.

“We have 100 shopping centres of our own or managed in Norway, so in order to expand, it is natural for us to look to Sweden,” says Dag Tangevald-Jensen.

Last year, the listed company Olav Thon Eiendomselskap bought five Swedish shopping centres from Steen & Ström for SEK 3.25 billion. The group also has several border trade centres, such as Nordby (95,000 square metres), Charlottenberg (64,000) and Töcksfors (33,000).

“**JUST NOW, THE FOCUS** is on the shopping centres we acquired from Steen & Ström, but in the future we might consider new acquisitions.”

» **What is the expansion strategy like, what geographic areas are interesting?**

“We are opportunistic and want to take the opportunities that turn up. But we are also interested in hotel properties, and there Stockholm feels like a natural entry.”

» **The Norwegian krona has fallen sharply against the Swedish krona, how does this affect you?**



Dag Tangevald-Jensen

» *We are opportunistic and want to take the opportunities that turn up.*«

“We were worried that it would impact on border trade, but to date we haven’t seen any significant effect. This year, turnover from border trade has increased by five per cent compared to the same period in 2014. When it comes to acquisitions in Sweden, these are financed by Swedish capital, but the equity is of course more expensive.”

OLAV THON HIMSELF turned 92 last summer, but is still active in the daily work.

“Yes, absolutely. His ownership was transferred to the Olav Thon Foundation in December 2013, but he is still Chairman of the Board and Group CEO, and that’s not exactly a part-time job,” laughs Dag Tangevald Jensen. ■

Sweden’s largest shopping centre owners

The data has been produced by Newsec

Top 5 // Q3 2015

1 Olaf Thon Group
Turnover SEK 13.0 billion
– 371,700 square metres

Group Director: Dag Tangevald-Jensen



Olav Thon

The Norwegian company Olav Thon Group made a real break onto the Swedish market when, in June 2014, it 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 square metres, amounted to SEK 3.25 billion. 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 Hylleinge outside Helsingborg.

2 Atrium Ljungberg
Turnover SEK 10.6 billion
– 303,725 square metres

MD: Ingalll Berglund

When Atrium Ljungberg was formed in 2006 through a merger between Ljungberggruppen and Atrium Fastigheter, one of Sweden’s leading property companies focusing on the development and management of trading and office properties was created. The portfolio contains mainly trading properties and is distributed across growth spots in Sweden, primarily in Stockholm, Malmö and Uppsala. In Stockholm, the company owns Sickla shopping centre, Farsta centre and Port 73 in Haninge. In September 2013, Atrium Ljungberg’s largest individual project to date was completed in Malmö – the Mobilia shopping centre was doubled in size through an extension of just over 30,000 square metres of lettable trading area. In July 2015, four shopping centres were sold for SEK 1.3 billion. The shopping

centres were Igor in Västerås, Rotebro trading centre in Sollentuna and Orminge Centrum in Nacka.

3 Skandia Fastigheter
Turnover SEK 10.4 billion
– 339,225 square metres

MD: Anders Kupsu

The property company Diligenta took on its owner’s name, Skandia, in autumn 2015. Skandia Fastigheter manages ten per cent of Skandia’s capital in property, at a value of around SEK 36 billion (year end 2014/2015). The two largest shopping centres in the portfolio are Frölunda Torg and Väla Centrum. In April 2013, the Nordic Council of Shopping Centers (NCSC) awarded Väla Centrum the title of “Best Shopping Centre in the Nordic Countries”. In July 2015, the company acquired Tyresö Centrum from CBRE Global Investors. The properties together cover 31,000 square metres of premises for retail and services and are located in the centre of Tyresö. CBRE Global Investors became the owner of Tyresö Centrum when it took over ING’s investment operation.

4 Steen & Ström
Turnover SEK 9.4 billion
– 322,525 square metres

MD: Terje Daaland/Bjorn Tjau

Steen & Ström was Sweden’s leading shopping centre owner in terms of lettable trading area in 2013. But in June 2014, five shopping centres were sold to the Norwegian

company Olav Thon Group. The purchase price for the portfolio, which covers a total lettable area of 123,000 square metres, amounted to SEK 3.25 billion. 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 Hylleinge outside Helsingborg. Steen & Ström is owned by the French company Klépierre (56.1 per cent), which is Europe’s leading shopping centre manager, and the Dutch company APG (43.9 per cent), a pension fund for employers and employees of the Dutch government and education sector.

5 Unibail-Rodamco
Turnover SEK 8.1 billion
– 236,450 square metres

MD: Christophe Cuvillier

If the projects in progress were included, Unibail-Rodamco would have been top of the list. Unibail-Rodamco are currently working on creating Sweden’s largest shopping centre, Mall of Scandinavia, located next to the new National Arena in Solna, with around 100,000 square meters of lettable area, distributed across 250 shops. Mall of Scandinavia will be officially opened on 12 November 2015. Both new and well-known actors have signed contracts in the shopping centre. Among the communicated lettings can be mentioned Disney, Starbucks, Michael Kors, SF Bio and Åhléns. In March 2015, Unibail-Rodamco sold the shopping centre Nova Lund to TIAA Henderson Real Estate for SEK 16 billion. The shopping centre, which was constructed in 2002, covers 26,000 square metres of lettable area.

The list is based on data gathered from the companies’ websites. The totals refers to the turnover of the shopping centres. The summary excludes big boxes and other pure external trade.

Source: Newsec

PICTURE: GROSVENOR

■ Here are the five largest transactions within the retail segment from October 2014 up to and including September 2015. The data has been produced by Newsec.

The largest retail deals of last year



SKÄRHOLMEN. In January, Grosvenor Fund Management bought Skärholmen Centrum from RBS.

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EXAMPLES OF SHOPPING CENTRE DIVESTMENTS IN 2015

TYRESÖ CENTRUM IN STOCKHOLM

TO DILIGENTIA ON BEHALF OF CBRE GLOBAL INVESTORS

STRÖMPILEN IN UMEÅ

TO NIAM ON BEHALF OF CITYCON

NOVA LUND IN LUND

TO TIAA HENDERSON ON BEHALF OF UNIBAIL-RODAMCO

Top 5 // October 2014-September 2015

1. Skärholmen

SEK 3.5 billion - SEK 33,000 per square metre

In January, Grosvenor Fund Management announced that it had added Skärholmen Centre to the Retail Centers V fund. The property value of the deal amounted to around SEK 3.5 billion. The seller was Centeni (formerly Boulthbee), which is owned by The Royal Bank of Scotland (RBS). The property covers a lettable area of around 98,000 square metres and includes several strong anchor tenants, such as H&M, Systembolaget, Ica and Åhléns.

2. Svenska Handelsfastigheter

SEK 2.7 billion - SEK 15,000 per square metre

In July, Areim and Möller & Partners sold a portfolio consisting of 44 retail properties. The total lettable area amounted to around 180,000 square metres, and the largest tenants are Bergendahlsgruppen, Ica, Axfood and Coop. The purchaser was Svenska Handelsfastigheter. The property value amounted to SEK 2.7 billion. The properties are

located between Ystad and Boden, with emphasis on Luleå, Gävle, Södertälje, Katrineholm, Kungälv and Kristianstad.

3. Nova Lund

SEK 1.635 billion - SEK 63,000 per square metre

In April, Unibail-Rodamco sold the shopping centre Nova Lund to TIAA Henderson Real Estate. The shopping centre covers around 26,000 square metres of retail premises. The property value amounted to SEK 1,635 billion. Unibail-Rodamco has for a long period tried to get permission for an expansion of the centre.

4. Atrium Ljungberg selling

SEK 1.3 billion - SEK 21,000 per square metre

In July, Atrium Ljungberg sold the properties Igor 8 (the Igor block in Västerås), Månadsmötet 9 (Mittpunkten in Östersund), Rotundan 1 (Rotebro Handel in Sollentuna) and Orminge 47:1 (Orminge Centrum in Nacka). In total, the pro-

perties cover around 63,000 square metres of lettable area and the property value amounted to around SEK 1.3 billion. The buyer of the properties is a local actor together with a property investment company. Entry has been delayed due to financing problems.

5. Agora buying

SEK 1.242 billion - SEK 17,000 per square metre

In the middle of June, Agora, A Group of Retail Assets Sweden AB, was listed on the stock exchange. In the same month, Agora acquired seven shopping centres from Niam. The shopping centres included in the transaction are Centra in Västerås, Cityhuset in Eskilstuna, Telgehuset in Södertälje, Kvasten in Kalmar, Storknallen in Borås, Linnégallerian in Växjö and Gallerian in Motala. The purchase price was SEK 1,242 billion. Niam has, among many other things, carried out a complete refurbishment and modernization of Centra, upgraded public areas and environmentally certified Telgehuset, leased and reconstructed parts of Linnégallerian as a Centre for Adult Learning, and introduced Cubus in Kvasten.

cushmanwakefield.se



Slogger

Pandox's MD prefers to work rather than attend opening nights

Last summer, Pandox became listed on the Stockholm stock exchange – for the second time in 18 years. And the MD is the same as then. Meet Mr Pandox, **Anders Nissen** – a slogger who thinks that sleep is a necessary evil and who plans to work until he is 100. **By:** Eddie Ekberg



Last summer, Pandox became one of the largest listings in the last 15 years on the Stockholm stock exchange, for the second time. And Anders Nissen was the MD too, last time Pandox became listed in 1997.

“I’m probably one of very few people who have taken the same company to the stock exchange twice, during the same MD period.”

› Can you describe your route into the hotel/property sector?

“In 1982, I graduated from the management school at Lund University, and the same year I applied for and got a job at Reso Hotels, as a management trainee.”

› What happened then?

“Via jobs as hotel manager in Kramfors and Hotel Tylösand in Halmstad, I was appointed Sweden Manager at Reso Hotels in 1990. Then

» We all age, but you decide for yourself if you get old. Anders Nissen will never get old.«

we picked up all our belongings and moved to Stockholm.”

› What was that like?

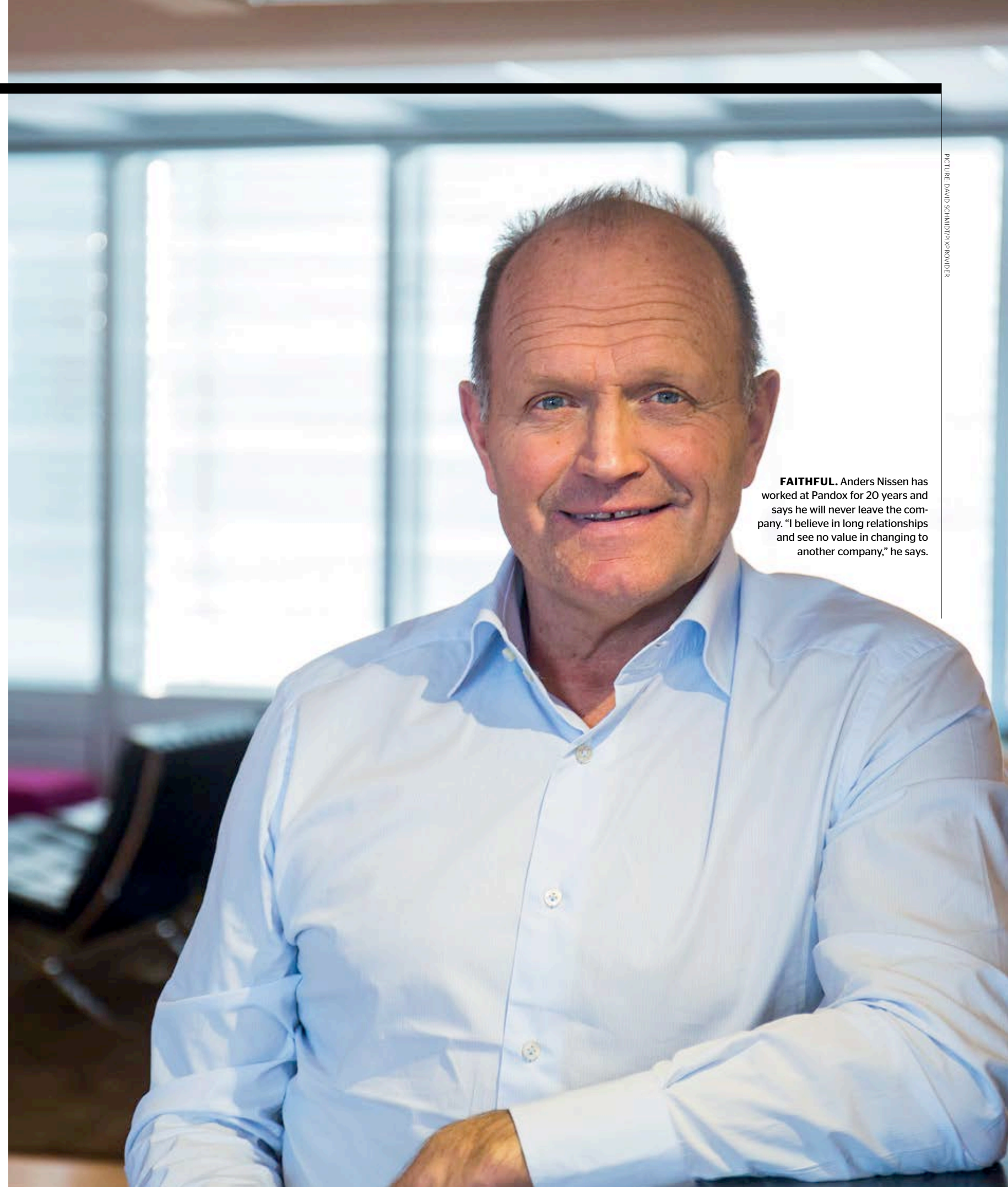
“It was like being thrown into the sea without a lifebelt and without being able to swim. So, very educational.”

› You became MD of Pandox from the start – how did that happen?

“That journey started in 1992, one Saturday when the telephone rang at home. The person at the other end introduced himself as Lars Thunell. Better known as former MD of SEBanken and the World Bank. At that time, Lars was MD of Securum, which took over the bad loans in Gotabanken and Nordbanken in the wake of the banking crisis. I thought he was booking a conference, so I grabbed pen and paper and started asking how many people were involved and so on. But it turned out he had completely different business – he said that he had a job for me, and wanted to meet me to discuss it. An hour later, I was sitting opposite him being offered the job as MD of Securum Hotell och Turism. I really liked my job at Reso and didn’t want to leave at all, but Thunell’s offer was too good to turn down. So I handed in my notice to Reso. That’s the only time I have ever handed in my notice, ›

FAITHFUL. Anders Nissen has worked at Pandox for 20 years and says he will never leave the company. “I believe in long relationships and see no value in changing to another company,” he says.

PICTURE: DAVID SCHMIDT/PIXPROVIDER





PICTURE: EDDIE EKERBERG

42 YEARS LEFT TO WORK

Name: Anders Nissen.
Age: 58 years ("So I've got 42 years left to work.")
Family: Wife Ulla, one son, one daughter and the dog Mr Harry.
Grew up in: Kristianstad.
Lives: House in Täby.
Car: BMW.
Education: Management School in Lund.
Career: Management trainee, hotel manager (Kramfors and Tylösand) and Sweden manager at Reso Hotels 1982-1992, MD of Securum Hotell och Turism 1992-1995. MD of Pandox 1995.
Reads: Autobiographies and lost of industry literature.
Watches on TV: Nature programmes, documentaries and sport.
Leisure: Likes to travel to the flat in the old town of Palma de Mallorca, or the summer house in Åhus.
Favourite hotel: The Hotel in Brussels and Amanyara Resort on Bahamas.

SLOGGER. Pandox's MD Anders Nissen describes himself as a slogger who loves his job. He works incredibly hard with long days, and likes it just fine.

»I think it's a bit sad every night when I go to bed, because it's then several hours until I can start working again.«

»and it was awful. But everybody understood."
"My task was to structure, develop and package the assets in order to increase the asset value. And thereafter to sell them off. The quicker we worked, the quicker we would lose our jobs. A wonderfully challenging time. In total, there were 120 hotels in the credit portfolio. 17 of these were smaller hotels located in smaller towns in Sweden."
"We packaged those in a separate portfolio that we called Pandox. At one board meeting, Thunell said he wanted to see an idea for that portfolio. And then we presented the idea of creating a niche-oriented property company. That became a hotel property company. To make the company fly, we needed a partner. Skanska

was interested and merged its hotels into the portfolio. The goal was clear, a listing was necessary in order for the owners to get liquidity in the assets. And I became MD. To begin with, it was a chaotic period. Hotels in combination with property had been anathema since the crisis in the early 1990s. The company was also small, and had an untried business model. But two years later, the company was on the stock exchange. The first time ever a hotel property company was listed in Europe."
»According to many, you are Mr Pandox – what does that feel like?
"My self-image is not that I'm a stock exchange MD for Pandox, but that I'm still an ordinary boy from Kristianstad."

»How have you left your mark on Pandox?
"I don't know. Have probably contributed to creating a winner culture. With a well-developed business model, clear goals and strategies. With focus on skills and individual development."
»Can you describe Pandox's strategy for the immediate future?
"Just now we're working hard to deliver the intentions described in the stock market prospectus last summer. At the same time, work is in progress to make the operation and all employees aware of our new task. A form of professionalization. At the same time, it's important not to lose the tempo in business. We play a match every day, and we intend to win all the championships." ■

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 **Stockholm**
The Capital of Scandinavia

PHOTO: JEPPE WIKSTRÖM

A milestone for the Nordic shopping mall sector

■ On 12 November, Mall of Scandinavia in Solna, Stockholm, will be officially opened – a milestone for the Nordic shopping mall sector.

Fastighetssverige was given a guided tour with Shopping Center Manager Lena Rune at the construction site a few weeks before the opening. **By:** Nicklas Tollesson

“**HERE YOU CAN SEE** a bit of the marble floor. This too was chosen with care. We were down at the quarry in Spain ourselves and selected the right stone,” Lena Rune tells us in passing on our way to Stjärntorget (“Star Square”), the entrance towards Solna station.

Activities are in full swing. As usual when it comes to large construction projects, it feels quite incredible that things will work out – that the largest shopping mall in Scandinavia will be opening six weeks from our visit. But this is so. Unibail-Rodamco and the overall contractor Peab are just at the final stages of construction, which started in January 2012. When we visit, more than 2,500 people are in place and working on their own small part of the enormous project.

“The construction at some of the tenants has just started. Towards the end, 3,000–4,000 persons will be here working on the last fine details,” says Lena Rune.

SHE HAS WORKED for Unibail-Rodamco since 2009, and in February she was appointed Mall Manager. When Mall of Scandinavia is completed, she will be leading a mall management team of seven person. Currently, she is one of around 50 persons in the project organization.

“Here is Stjärntorget. It had to be redrawn many times before we were satisfied. There will be LED lighting in both the floor and

the ceiling, which will work together in a special way. It will be spectacular.”

Just like the whole of Mall of Scandinavia.

Around 230 actors share 101,000 square metres of retail area. Even so, the retail area is only a small part of the whole block, which covers around 300,000 square metres of floor space, with 3,700 parking spaces, 100 flats, 52 terraced houses – on the roof – and Telia’s new head office (which is owned by Fabege).

THE RETAIL PART is two and a half stories – there will be parking spaces both below and above. On the lower retail floor, there will be food stores, state alcohol store, pharmacy and a “Click & Services” department.

“The idea is that you can order clothes online and come here to collect them from what we call our “Click & Services”. There are also changing rooms, so that you can try the clothes on right on the spot.”

Internally, the mall is constructed with pedestrian areas that form a “triangular figure-of-eight”. There are four nodes, the architecture and design of which reflect the four elements: earth, wind, fire and water.

From Earth Node, with a large information desk, Flagship Avenue stretches out through the major part of the retail area. ➤

MALL OF SCANDINAVIA

Property owner: Unibail-Rodamco.

Architects: BAU/Benoy (exterior) and Wingårdhs (interior).

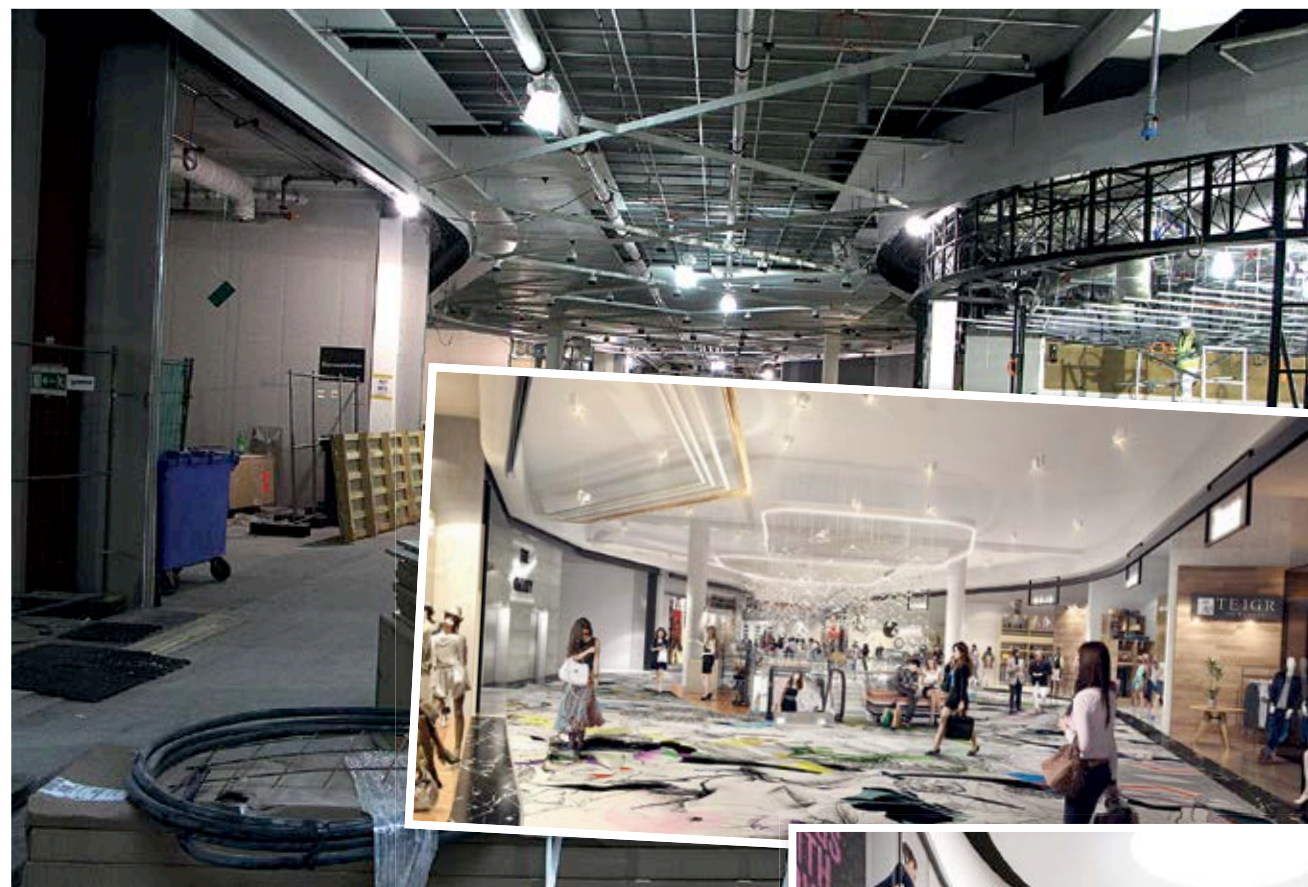
Number of shops: Around 230.

Retail area: 101,000 square metres.

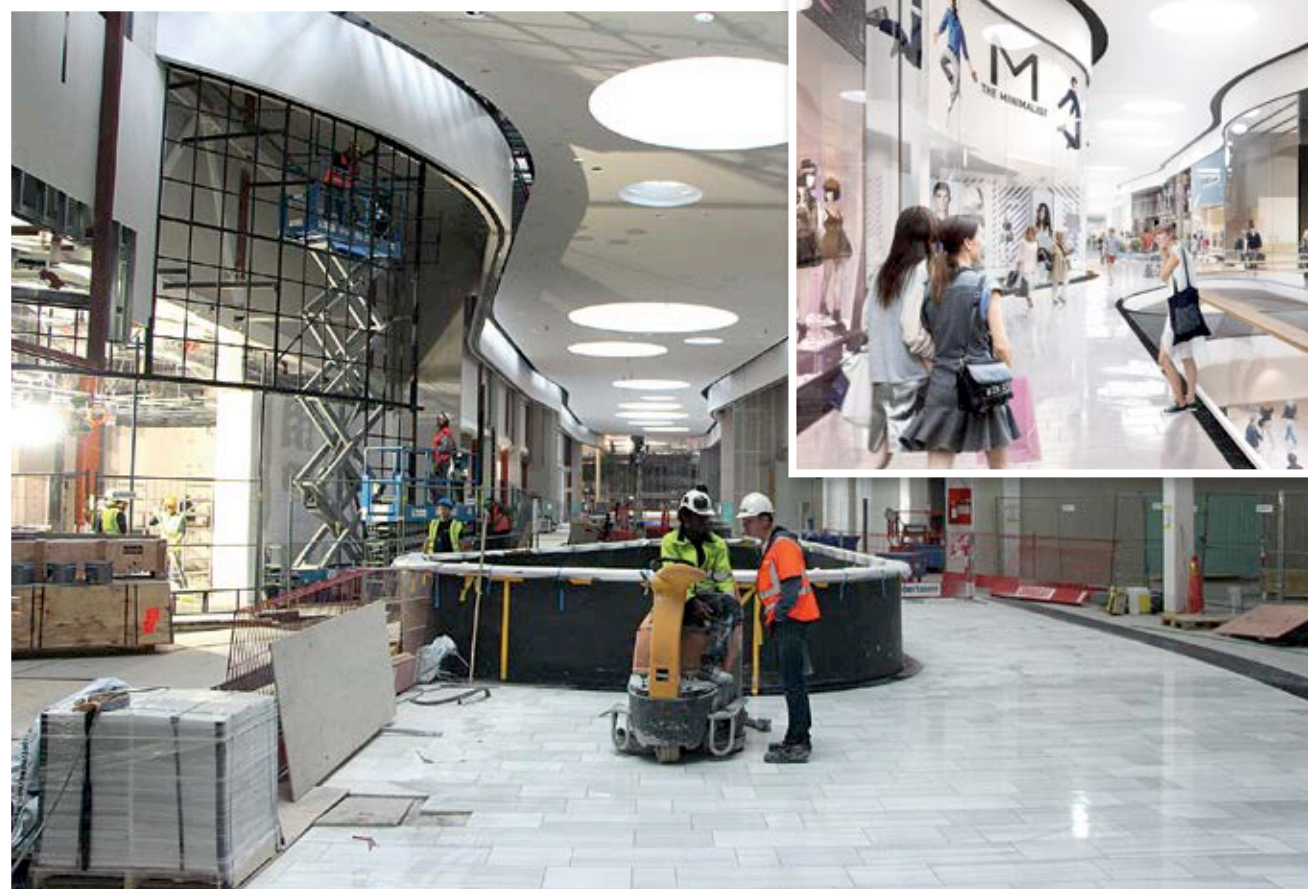
SIX WEEKS TO GO. With six weeks to go, Fastighetssverige visited the construction site Mall of Scandinavia in Solna. Around 2,500 persons were on location at the time, working to ensure the largest shopping mall in the Nordic countries can open on 12 November. This is Stjärntorget, the entrance facing Solna Station.

PICTURE: ULF HINDS

PICTURE: BAU/BENOY



DESIGNER GALLERY. The most varied part of the mall will be The Designer Gallery, where up-and-coming designers will have an opportunity to show off their designs.



FLAGSHIP AVENUE. With a ceiling height of ten metres, Flagship Avenue, is the grandest section of Mall of Scandinavia.

»Every time I walk through here, an incredible lot has happened since the last time. It will be absolutely fantastic!«

➤ The broad avenue is lined with flagship stores, all of which are over two storeys, but with entrance only on the lower level. The ceiling height is ten metres.

“There are only a few suppliers in the world who can deliver such large glass sections in one piece. We are using a German one,” says Lena Rune.

In the middle of Flagship Avenue, we choose to turn off into The Designer Gallery and the large-scale and grandiose becomes more small-scale.

“This is the most changeable place. There will, of course, be fixed tenants, such as Filippa K, COS and J Lindeberg, but we will also have pop-up concepts and more short-term contracts, with unique up-and-coming designers who get the chance to show off their designs here. The carpet will be changed every six months, with the help of various artists. This is an area that will look different nearly every time a customer visits us.”

AFTER WIND NODE, we reach the experience section, where SF are investing lots in Sweden's first commercial Imax cinema, where the screen is vaulted to increase the sense of presence for visitors.

“There will also be VIP salons, where you have the opportunity of eating dinner at the same time as watching the film.”

We pass Disney's first concept store in the country, where the staff are not called shop assistants, but “cast members”, before we reach Dining Plaza – 10,000 square metres of food service, 22 restaurants, everything from fine dining to faster alternatives.

“You can easily change the colour of the glass rods with LED lighting that hang from the ceiling, and thereby create a suitable atmosphere. It won't look at all the same during breakfast as on early Friday evenings,” says Lena Rune.

“We are investing a lot in restaurants. In traditional malls, the restaurant section is perhaps four, five per cent; but here it is more than double that. We have around 40 food concepts in total. But

MALL MANAGER. Lena Rune is the Shopping Center Manager for Mall of Scandinavia. In the background, the glass rods with LED lighting in Dining Plaza, 10,000 square metres of restaurants.



this is because customer behaviour is moving that way – a visit to a mall should be an experience in itself.”

Just inside the entrance towards Friends Arena, visitors are greeted by Water Plaza, an open space with a large fountain.

“The fountain will give a powerful welcome. It is also possible to cover the fountain and use it as a stage when we stage major events,” says Lena Rune.

The investment on the part of Unibail-Rodamco is around EUR 640 million, corresponding to around SEK 6 billion.

“It's a very large investment, even for Unibail-Rodamco, which has a property value of more than EUR 35 billion and is Europe's largest listed commercial property company. We are very proud that our tenants are also choosing to make major investments. To begin with, we had counted on 250 stores; now there will be 230, quite simply because many tenants have chosen to have very large areas.”

“We have got a fantastic mix of tenants, and all segments are really top class, from interior design and sports shops to fashion and restaurants.”

➤ What would you say is the most unique feature of Mall of Scandinavia?

“Oh dear. The whole thing, I want to say, but that's boring. If I have to point to a detail, I must say our way of working digitally. For example, we will be launching a smartphone app that you can use throughout your visit here. You can get inspiration and information about our shops and events already when you're at home, and when you park, you register where the car is parked so that you can easily find it again. Via social media, you can see where your friends are in the mall, you get offers via the loyalty programme and if you permit, you can also get push messages with exclusive offers, depending on where in the mall you are.”

➤ So on 12 November, it is time for the official opening. If everything is ready?

“It will be. Everything is going to plan. Every time I walk through here, an incredible lot has happened since the last time. It will be absolutely fantastic!”

■ After Lennart Sten left the GE Group after nearly 17 years, he analysed the situation on the Swedish property market – on the lookout for gaps to fill.

The result was Svenska Handelsfastigheter, which recently bought external retail property from Areim for SEK 2.7 billion. **By:** Nicklas Tollesson

Lennart Sten’s new venture

JUST OVER A YEAR AGO, Lennart Sten left GE Capital Real Estate. He had then worked for the group since 1997, for the last three years as Europe Manager. When he took up the position, GE owned 1,700 properties worth SEK 165 billion in Europe.

“My task was to close things down. When I left, we had SEK 30 billion in property remaining, and SEK 20 billion in the property loans portfolio. I felt that I didn’t want to run a small office that lends money, I like property too much to do that. And I also have my family here in Stockholm, and I was travelling 180 days a year. You almost have to be single to think it is fun to live on a plane,” says Lennart Sten.

We meet in a café near Stureplan. The day after our meeting, his new company will access the portfolio of 44 trading properties. In a week’s time, the company – which now has seven employees – is moving into the new office a stone’s throw from here.

› **Why is this particular sector your new project?**

“When I left GE, I sat down and went through the market and circled areas where there were gaps. External trading and big boxes ended up top of the list. The ownership profile for external trading properties is fairly random. The properties are often built by developers, who then sell them off to various types of investors. It should work better with coordinated management. I discussed this with Johan Röhss – with a background at Ica and Investor, among others – and we decided to go forward with this.”

› **So you have a list of gaps in the market. What else is on that list?**

“I don’t want to reveal that here. But those who are interested could phone me...”

Together with Thomas Holm – long-term colleague from the GE days – Lennart Sten and Johan Röhss founded Svenska Handelsfastigheter. To begin with, they did not know that the Areim portfolio was coming on the market.

“We were planning to buy one or two properties at a time. This was a better start, of course.”

Svenska Handelsfastigheter bought the portfolio – 44 properties, 70 tenants, 180,000 square meters of trading space between Ystad and Boden – at a yield of just over six per cent.

LENNART STEN THINKS that Svenska Handelsfastigheter will be closer to the individual traders.

“We’re not a fund, but a company without an end date. A fund structure is not a good long-term owner, but good for the investors. We’re good for the traders and therefore also for the investors. We have the commercial management in-house, while we out-source the technical management.”

The aim is still on growth, both through acquisitions and through new construction.

“We have appointed a project development manager, and see great opportunities for growth through new construction. For example,

there are great development opportunities in our existing portfolio.”

To begin with, Svenska Handelsfastigheter only has one institutional investor, Kåpan Pensioner, but the plan is to broaden the investor base in the future.

“The plan was to have more investors right from the start, but when the Areim portfolio turned up, everything was done in a hurry, and we simply didn’t have time to get any more.”

› **You have long been leading a very large organization, now you are leading a small company with seven employees, that must be a big change?**

“Of course this is completely different. Just such a thing that

I no longer have a secretary... It’s much closer to reality now. At the same time, the work is basically the same here as in a large company, even if it of course sounds cooler when you add an extra zero to all the figures. And then, while I was at GE, I had some projects in smaller companies running in parallel, so this is nothing new for me.”

› **Might Svenska Handelsfastigheter end up listed on the stock exchange?**

“Anything could happen, but it’s not part of the plan. We want to be a company for institutional investors, who invest their money for the long-term.” ■

MARRIED TO AN AUTHOR

Name: Lennart Sten.

Age: 56 years.

Lives: Djursholm, summer house on Sandhamn.

Currently: MD for the new company Svenska Handelsfastigheter.

Background: Various roles within GE Capital Real Estate between 1997 and 2014, the last three years as Europe Manager. Before that a lawyer, with Baker & McKenzie and Gedda & Ekdahl, among others.

Family: Wife, two sons and a daughter.

Leisure interests: Tennis, hunting and literature.

Board positions: Member of Inter Ikea, CLS Holdings, Victoria Park, Bonnier Fastigheter, RW Capital and Fastighetsägarna Sverige, among others. “I have joined several boards since I left GE, but no, I haven’t thought about becoming a professional board member.”

Bonus facts: Lennart Sten is married to the author Viveca Sten, who has written a number of crime novels (that later became the TV series “Morden i Sandhamn” (“The Sandhamn Murders”). “What I think is even cooler is that our daughter Camilla will be publishing her first book in January – a dystopia set in the future.”



RETAIL. The portfolio encompasses external retail properties in cities as Höganäs, Luleå, Katrineholm and Södertälje.



THE OFFICE. A week or so into October, Svenska Handelsfastigheter moved into its offices. Up until then, Lennart Sten and his colleagues worked from home or in cafés. Meeting rooms were often borrowed from Glimstedt, who was the adviser during the first transaction. “Of course it will be great to have our own office. On Sunday, Thomas (Holm) and I will be buying furniture for the office,” says Sten when we meet one week before the move.

Steen & Ström’s former MD is investing outside the major cities

■ Wilner Anderson believes in town centres around the country. “I’m seeing a trend where committed property owners, retailers and municipalities are joining up and improving town centres,” says the MD of newly formed Agora Retail. **By:** Nicklas Tollesson

NEW AGORA – A Group of Retail Assets – fills a gap in the market. Previously, there was no listed company with a clear focus on retail properties outside the major cities.

“I have long seen this opportunity, and when I met Tom Lindahl at JLL (formerly Tenzing), it turned out he was thinking along the same lines – that there was a gap in the market,” says Wilner Anderson.

At that time – the end of last year – he had recently left Steen & Ström after eleven years, the last nine as Country Manager. The thought became ever more concrete, and at the end of May the plans became public. At the beginning of June, a minor new share issue was carried out and the share listed on First North.

The company now owns retail property to a value of about SEK 3,5 billion (EUR 377 M). The current focus is on getting the organization in place. When the company was listed, it had two employees – Wilner Anderson, MD, and Peter Gullberg, Head Manager (and also a temporary CFO). At the end of September, when Fastighetssverige met Wilner Anderson in the temporary office on Strandvägen – where several other companies with links to Kvalitena are located – a further two persons had joined since a couple of weeks back. A further ten or so persons will be recruited in the future.

“Up until 1 September, we bought in management from the previous owners. Now Newsec does the financial management,

and otherwise we have different solutions in different locations. The ambition is to do our own management as from the year end. I’m a strong believer in tenants having direct contact with personnel from Agora.”

The major part of the objects were non-cash acquisitions by the company. Kvalitena and the M2 Group (Rutger Arnhult) together hold more than 70 per cent of the votes and almost 40 per cent of the capital.

THE PROPERTIES WERE BOUGHT in at an average yield of 5,7 per cent and with a vacancy level of nine per cent.

“I’m convinced we can work to get the vacancy level down to between 3 and 4 per cent. These are good properties in good locations, but for various reasons the properties have not received the attention they deserve. There has been a lack of knowledge about retail, commitment and perhaps resources. Now we’ll be working with the properties, really ordinary property ABC,” says Wilner Anderson.

“It’s important to emphasize that Agora is not a financial construct, but an operationally run business model – we’re not seeking innovative financial solutions or speculating in yield compression, instead we want to create a stable retail company with a good operational net profit.”

From a financial viewpoint, Agora’s start was not particularly well-timed. The company planned to raise SEK 400 million through



»We’ve just started our journey, and we’ll be here for some time.«

a preference share issue, but after having been very highly valued in the spring, property company preference shares fell considerably, and Agora’s issue had to be cut to SEK 100 million. And to date, all those who chose not to subscribe made a good choice – from the issue price, the preference share has fallen by more than 10 per cent. “From a timing point-of-view, this wasn’t great. The owners and the board were agreed, however, that we should carry out the issue, so that we have a preference share going.”

► **How do you solve the problem of the SEK 300 million that was “missing” after the issue?**

“From a short-term perspective we’re solving it with some form of junior financing. Further on, we have an expressed growth target and the attitude of the board and the owners is to carry out new share issues, in particular of ordinary shares. But before we do that, we need figures that show that we’re good at what we’re doing.”

Future growth ambitions are high – today’s property value of just under SEK 3,5 billion will have grown to SEK 10 billion in three to five years.

The aim is primarily on retail properties in growing towns outside the three major city regions – preferably town-centre properties.

“You often hear dirges about external trading impoverishing town centres. But I think we’re seeing another type of development. Property owner and municipalities are investing, building housing, filling in waste ground and creating attractive town centres. An advantage of town centres is that you can often replace shop locations with restaurants, gyms or other things – in external trading areas, it is much more difficult to fill vacancies. Fundamentally, town centres are more flexible, because it is usually a pleasant environment. They are environments and properties that mean something to the people who live there.”

To date, trading in the ordinary share has been weak, and the so-called free float is very small – the company only raised SEK 22,5 million in conjunction with the ordinary share issue, and then had 450 shareholders.

“We’ve just started our journey, and we’ll be here for some time. Whether the share price is SEK 33 or SEK 38 is of no great importance at the moment. This is a long-term investment, and now our task is primarily to get what we have into order and show that we can do this,” says Wilner Anderson. ■

WILNER ANDERSON

Age: 64 years.

Lives: Strängnäs.

Family: Wife and two adult children.

Title: MD of Agora Retail.

Background: Steen & Ström between 2003 and 2014, Sweden Manager from 2005. Has also worked for NK, KF, Ikea and run his own consultancy business.

AGORA RETAIL

• Owns 22 retail properties, covering 235,000 square metres, at a value of almost SEK 3.5 billion.

• The properties are located in Borås, Eskilstuna, Falköping, Kalmar, Linköping, Malmö, Motala, Nässjö, Stockholm, Sundsvall, Södertälje, Tranås, Trollhättan, Västerås, Växjö and Örebro.

• Knut Pousette (Kvalitena) is Chairman of the Board, Rutger Arnhult, Katarina Hedström Klarin and Patrik Essehörn are Board Members.

• Agora’s shares are traded on First North. The company’s first interim report will be published on 17 November and covers May to September.

Smartphones – a game changer for retail

Jonas Ogvall on the digital trends

■ Digital retailing of consumer durables is growing by 15 per cent per year – when it comes to food on the net, the growth figure is 40 per cent.

As MD of the interest organization Svensk Digital Handel (“Swedish Digital Retail”), Jonas Ogvall is working in a sector with a strong following wind.

Here, he tells us of the trends and challenged in e-commerce right now. **By:** Nicklas Tollesson

SVENSK DIGITAL HANDEL expects that the turnover figure for Swedish e-retail will land on SEK 50 billion when the figures for 2015 are summed up – a doubling compared to 2010, and Jonas Ogvall expects a further doubling over the next five years.

“By 2020, we should reach SEK 100 billion,” says Jonas Ogvall.

Food retail is responsible for some of the highest growth figures. Since 2009, annual growth has been 40 per cent per year.

“A breach of the trend has also occurred in the last year, from ready-assembled shopping bags to what we call ‘pick your own’, selecting your own items, like in a physical shop. During the second half of the year, shopping bags grew by 30 per cent and ‘pick your own’ by 53 per cent. The figures will increase further in the future, when the big food giants invest lots of money in e-retail.”

Still, only one per cent of food retail is done on the net, so the potential is enormous.

“In total, seven per cent of retail is done on the net, but if you exclude food shopping – which is responsible for 45 per cent of total retail – then e-retail amounts to 15 per cent. Surveys have shown that 80 per cent of all purchases – apart from food – have been preceded by a Google search.”

SMARTPHONES ENTAIL a game changer for retail. Previously, many people only had access to the internet in the evenings – now, nearly everybody has the Internet in their pocket, which means that retail has become a constantly occurring process. We do research ahead of buying, compare prices between various actors, either different shops in our home town or between actors in

GOLF PLAYER

Name: Jonas Ogvall.

Age: 45 years.

Lives: Örgryte, Göteborg.

Family: Live-in girlfriend and two children, aged 3,5 and 2.

Title: MD of Svensk Digital Handel since 2012.

Background: Originally a market communicator. Worked most recently at Volvo’s event management and before that campaign manager at Göteborg & Co.

Leisure interests: “Just now it’s mostly the family. Otherwise cooking and golf.”

different countries, place our order, trace the journey of the goods, receive our delivery text message and collect the goods, or choose to buy it in the cheapest physical shop.

“Today, being on the net is a necessity. Even retailers who don’t offer internet retail should at least write on their website that they can sell and have the goods sent. But there are still small retailers who are not on the net. Here, I think that property owners could intervene and in various ways support them with digital marketing.”

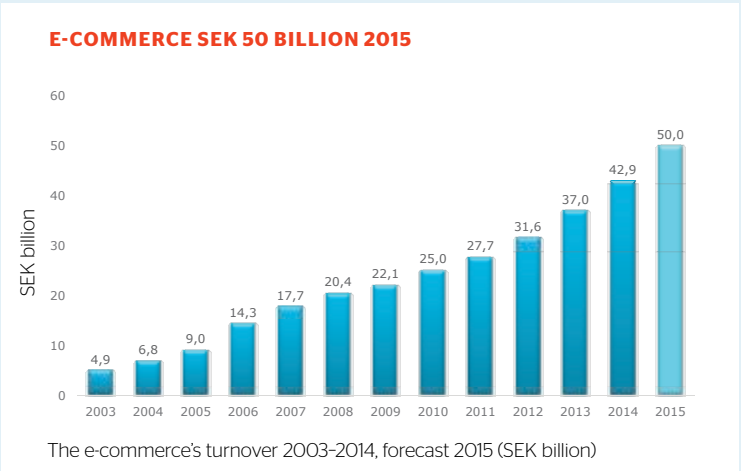
SERVICE IS A BIG challenge for e-retailers.

“The big advantage of physical shops is the service you get in the shop. Just now, there is a lot of talk about how to make e-retailing more personal. It’s about both giving good service and making the customers more loyal. We are seeing increased investments in customer service, and then it’s not about opening hours between 8 and 16, but rather between 15 and 23 and at weekends, that’s when people do most of the shopping on the net. Customer service skills are also being upgraded – the staff needs to be “nerds” at what they do, as the customers have done their research and learnt about the products. Today, the customers are often more knowledgeable than the assistants in the shop.”

JONAS OGVALL CONSIDERS that consumers are closer to the retailer on the net than in the physical shop.

“If you order a sweater and it has a stain on it, you just have to email or phone, then you can send it back and get a new one. If you find a stain on a sweater you’ve bought from a physical shop, ➤

SMART. The internet is constantly present even in physical retail. With a smartphone, the comparison sites are only a couple of clicks away. Jonas Ogvall is MD of the interest organization Svensk Digital Handel, a sector that is growing incrementally.



Source: E-barometern (Postnord, Svensk Digital Handel and HUI Research)



»Things aren't the same as before, and property owners that can offer different forms of flexible solutions have a big competitive advantage.«

› you might at first hesitate to contact the shop, then you have to go back there, which you might not have time for, and so on.”

Another challenge for e-retailers is deliveries.

“I think that the digital retailers shot themselves in the foot to some extent when they introduced free carriage. Delivering goods entails a large cost, and the retailers must make sure the customers see the value of the delivery, which they should do. Having goods delivered means that you save time, and time is something that is very highly valued today.”

“We're seeing more and more of what we call omni-deliveries. Consumers can choose where and when they want their goods delivered. This is a trend that physical shops are also latching on to. Central Göteborg is just now testing home delivery. People who shop in the centre don't want to carry all their bags around. Instead, they can have the goods delivered to their homes the next day.”

“AN IMPORTANT ASPECT for e-retailers, which outsiders might not think about, is when Postnord or the other actors can make a last collection. It makes big difference if this is at 16 or at 17. You can pack a lot of orders that last hour, and it is crucial for which day the goods reach the customer. I was recently in contact with a Kalmar company, who chose to move its warehouse to Växjö, because Postnord could collect an hour later from there.”

SVENSK DIGITAL HANDEL

Svensk Digital Handel is the interest organization for digital retail in Sweden for Swedish e-retailers. The organization was formed in 1973, then under the name Svenska Postorderföreningen (“Swedish Mail Order Association”). In 2007, the name was changed to Svensk Distanshandel (“Swedish Remote Retail”), and in 2014 to Svensk Digital Handel.

“We are working a lot on trying to achieve delivery to agents on Saturdays, in order to improve the delivery terms.”

› What do e-retailers think about the premises problem in today's situation?

“The rapidly growing e-retailing is placing great demands on property owners; it's more important than ever that they understand their tenant's operation and needs. Many e-retailers have grown explosively, which means that their need for warehouse space has grown equally rapidly. It's very difficult to know how much space will be needed in future, and therefore very difficult to sign a lease. Things aren't the same as before, and property owners that can offer different forms of flexible solutions have a big competitive advantage.”

“A strong and reliable internet line is of course incredibly important. I recently spoke to a company that had its line cut off in conjunction with digging work close to the property. Everything was down for several hours, as if the shop was closed, and such events are devastating. Here, it is important that property owners are proactive and make sure that such things can't happen.”

› Many say that e-commerce is a threat against physical retail, what do you think about that?

“E-retailing is just another sales channel. Retail is retail. You have to adapt to the prerequisites that exist. What makes a difference between e-retail and other retail are the losers.”

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Karin Witalis, Head of Research at Cushman & Wakefield, is looking for more segmentation in the property sector.

In the dark, all cats are grey

Standing places at the back of the plane. That's one part of Ryanair's new future plan. In a customer survey carried out by the airline, 67 per cent of those asked responded that they would choose a standing place if it was free. 42 per cent said that they would be prepared to pay SEK 45.

Some of these tight-fisted passengers are probably the same people who at the weekend flick through the Financial Times's supplement "How to Spend It", where only the most expensive, most exclusive goods are marketed.

SOME THINGS WE PREFER to be free, or really cheap, and here quality doesn't play any major role. Other things we can spend a fortune on, without it being anything vital to life – instead, it is more a question of accessories that reinforce our image. A handbag costing several thousand kronor. An eye-wateringly expensive wrist watch.

I'm a bit like that myself. When the children were small and at daycare, I always bought their wellies at Skopunkten. Perhaps not the world's best quality, but then the wellies were outgrown before they were worn out. If you buy three pairs, one pair is free. Perfect when you need several pairs of wellies per child. When I buy wellies for myself, I use totally different shops, because then I want quality. The wellies should preferably have a bit of landowner look, so that I can feel like Princess Anne when I wander across my imagined country estate in Sörmland, with a matching golden retriever running alongside.

The same thing applies when choosing a hotel.

» All types of tenants can feel that they have found their own perfect landlord.«

If we go to London as a family, we stay at Ibis next to Euston station. Charm-free, but clean and fresh and actually a really good location. If I travel for work, on the other hand, it is something quite different. Sofitel, Crown Plaza, Radisson Blu...

This article is about segmentation. My question is why we're not seeing more of it in the property sector.

LET'S TAKE A CLOSER LOOK at the hotel sector. In the 1980s, several of the large hotel chains had problems expanding without entering into markets where they were already established, and in this way competing with their own hotels. Segmentation came to be an important expansion strategy. By creating different hotel brands with varying price and service levels, names and logos, tailored for different target groups, a hotel chain could have more than one hotel in a market without cannibalizing itself or "blackening" its best hotel brand. The hotel chain Accor has a clear segmentation from Ibis Budget (a tad below Ibis as Euston station, where we often stay) to luxury

Sofitel. Between these is an entire spectrum of hotels with varying service levels. New arrivals in the hotel bouquet are Long Stay hotels, as well as unique, so-called lifestyle hotels, such as the urbanly trendy Mama Shelter.

THIS TYPE OF segmentation is common also within retail. Apart from shoe shops, segmentation can be found also within fashion, foods, cars and restaurants.

So to my question: Why aren't we seeing a clearer segmentation within the property sector? Of course segmentation can be found here and there. Property funds often have more or less cryptic names, but now and then an "Opportunistic" or "Nordic" flashes past, giving an indication of how the money will be invested. Also in the landlord/tenant relationship, we're beginning to see tendencies of segmentation. For example, Vasakronan has launched a concept aimed at tenants that, here and now, need a furnished office, but who do not want to tie themselves up in a long lease. That's good, but our sector can do more.


Take any one of the larger property companies. Would it not score a point by dividing up its entire portfolio into different segments for different target groups? Really stunning buildings would be put into the posh company, with a gold logo. Normal ones in – well, here you could use your ordinary brand. Less good ones are in the ugly company (but you call it something that sounds cool and hip). Environmentally rated premises in a company with an environment-friendly sounding name and a green logo. What do you think?

SO WHAT ARE THE ADVANTAGES of segmentation? Let me mention a few:

A property company with a segmented portfolio can aim at all types of tenants, from quick-footed little start-ups to large, stable head offices, with premises that suit them perfectly, as well as their service level and willingness to pay. It makes it easier for the tenant to know which company to contact. All types of tenants can feel that they have found their own perfect landlord. So not "one size fits all". As a landlord, you can follow a tenant from start-up to stock exchange listing – always with suitable premises to offer.

In the same way as for hotels, the buildings can be side-by-side without competing with each other, and a closely gathered portfolio should produce management advantages.

Property companies with uneven portfolios can benefit from segmentation. Suddenly, the mish-mash of buildings and premises looks like something very well-considered.

So, what are you property companies waiting for? Structure your portfolios now, and become clearer to the customer! 

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