



**FASTIGHETSSVERIGE**

**PORTRAIT**

Annica Ånäs moves quick  
in the business

**SWEDEN TODAY**

Robert Fonovich on the trends on  
the Swedish real estate market

**SYMBIOSIS**

Klövern and Citycon on their new  
collaboration



Extra  
magazine  
inside!

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

# Hot market in the cold north

AT THIS TIME OF YEAR, it is almost inhumanely cold here in furthest northern Europe. And it is dark too. But one very clear lightsource is the property market, especially the market for retail properties. Many foreign actors are 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. And several more are coming ...

»» So everything points to an exciting Mapic this year too.«

SO ONLY SUNSHINE, then? Well, there is also technological development at break-neck pace, where e-trading is taking an ever greater market share. This is a development that the owners of retail properties must adapt themselves and their properties to.

SO EVERYTHING POINTS to an exciting Mapic this year too, not least as far as Sweden and the Nordic countries are concerned. As a preparation ahead of this year's fair, you can read our full-to-bursting trading theme in the magazine you are holding.



Editor-in-chief // Eddie Ekberg

HAPPY READING!

4 2017 // Year 13

PUBLISHER

Rolf Andersson, rolf@fastighetssverige.se

PUBLISHING COMPANY

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

EDITORIAL STAFF

Eddie Ekberg,  
eddie@fastighetssverige.se  
Victor Friberg,  
victor@fastighetssverige.se  
Axel Ohlsson,  
axel@fastighetssverige.se  
Maria Olsson Åarlaht,  
maria@fastighetssverige.se  
Nicklas Tollesson,  
nicklas@fastighetssverige.se

LAYOUT AND PRODUCTION

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

GUEST AUTHOR

Andreas Wallström

ADMINISTRATION

info@fastighetssverige.se

ADVERTISING SALES

Rolf Andersson, rolf@fastighetssverige.se

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Billes Tryckeri AB

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Axel Ohlsson

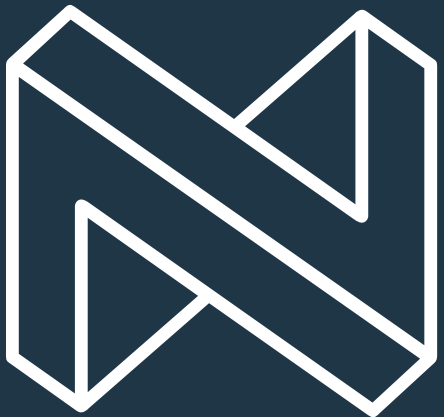


On the cover // Annica Ånäs  
Read the interview on page 24.

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NREP is a leading Nordic real estate investment firm focused on generating superior risk-adjusted returns for institutional investors by working with defensive value-add investment strategies and hands-on active asset management. NREP was established in 2005 and currently has total assets under management of €3.3 billion and employs more than 100 professionals across four offices in Copenhagen, Stockholm, Helsinki, Oslo and Luxembourg.



<sup>1</sup>Preqin 2017



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The largest retail transactions in the last year.



■ How will housing prices develop and what impact will it have on the Swedish economy, asks Nordea’s chief analyst Andreas Wallström.

# The risk of wide and high construction

**H**ousing construction has been increasing rapidly for some time. The rise in construction is wide and is not limited just to the metropolitan areas. In all counties new construction is the highest in 25 years. In several counties, including Stockholm, Uppsala, Skåne and Örebro, you have to go back to the days of “miljonprogrammet” (worn down areas of low quality constructed in the 60’s and 70’s with large numbers of socially exposed people) in the 1970s to find the corresponding building pace.

**STATE AND LOCAL POLITICIANS** welcome the rise, while many believe this is not enough. The need is estimated to be even greater. Close to all municipalities testify to an increasing housing shortage. Of Sweden’s 290 municipalities, 255 indicate that there is a lack of housing according to a survey by Boverket (the National Board of Housing, Building and Planning). However, such surveys should be interpreted carefully because it can not be excluded that municipalities overestimate their own importance and attractiveness. For example, a CEO of a municipal real estate company told me that nowadays, they have to build “proactively” to attract people and companies. Risky, in my opinion. Let’s hope that such demand appears. Housing shortage is in fact difficult to define. There is an increasing problem of acute homelessness, but this is primarily a social problem and has very little to do with housing availability.

**THE POPULATION INCREASE** can not be equated with increased demand for housing. The predicted population growth over the next five years is explained by net immigration and largely refugee

immigration. Due to difficulties in entering the job market, purchasing power is often lower among refugees, not only initially but often also for many years after arrival. In the coming years, therefore, households’ ability to pay is expected to be lower than the long-term need for housing, which increases with the population.

**DECISIVE IS INSTEAD** the paying demand, which is governed by household financial conditions. If these deteriorate, for example by increasing interest rates or tax deduction for interest being cut, the paying demand for housing will decrease. At present, there is certainly not much that speaks for worse financial conditions. The job market situation is good and housing rates are expected to only rise moderately in the future. All parties in the parliament have indicated that a reduction in tax deductions for interests would be desirable, but to reach an agreement on the details of how this should be done, including the rate at which a reduction should take place, will probably linger a bit into the next term of office.

**BUT EVEN SMALL CHANGES** in household housing costs can have major effects. We have recently seen a sharp rise in housing prices despite relatively small interest rate changes. Housing prices have risen by almost 20 percent over the past two years, while average rates have fallen from only 2.3 percent to 2.0 percent. A greater rise in the interest rate can not be excluded. As late as 2011/2012, the variable mortgage rate was just over four percent

and the five-year mortgage rate was just over five percent. Such interest rates would mean doubling households’ interest rates compared to current levels and are unlikely to be compatible with current housing prices. Housing supply can then prove larger than the paying demand, which will inevitably lead to falling house prices.

**MY GUESS IS THAT** housing prices will flatten out and stabilize at today’s levels. However, uncertainty is fundamental and in all honesty it is rare that

asset prices are completely stable. Although interest rate development is the most important variable to follow in the future, you should also keep an eye on the construction. The steep rise in construction noted since 2015 has undoubtedly increased the risks of a sharp fall in the future. Experience from previous property crashes in Sweden and other countries (for example Denmark, USA, Spain and Ireland) shows that prices in all cases are preceded by a number of years of rapidly rising housing investment. Let’s see if Sweden is now the exception. ■



PICTURE: NORDEA





Here are the **20** most read articles at [nordicpropertynews.com](http://nordicpropertynews.com) since early September, 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: HEMSÖ



Hemsö buys its first educational property in Helsinki.

## 17 Hemsö Acquires Educational Property

Finland Hemsö has acquired an educational property in central Helsinki with a lettable area of 6,200 square meters. The property is Hemsö's first educational property in Helsinki. The tenants are Aalto University and the Hanken School of Economics. The property is situated in a prime location in central Helsinki near

convenient transport links. The underlying property value is approximately EUR 12.5M.

"This acquisition has allowed Hemsö to establish a position in the education segment in Helsinki and increase its share of public-sector tenants in Finland, entirely in line with Hemsö's investment strategy. The

acquisition has strengthened Hemsö's presence in Helsinki, which of course is gratifying," says Jarkko Leinonen, Hemsö's Country Manager Finland.

The seller of the property is Aalto Universitetsfastigheter and Hemsö will take possession of the property immediately. **2017-10-04**

## 8 Ulf Nilsson Steps Down as CEO of D Carnegie

Sweden Ulf Nilsson has decided to step down as CEO. Svein Erik Lilleland, currently member of the board of directors, has been appointed as interim CEO.

Ulf Nilsson has, following discussions with the board of directors, decided to resign as CEO. The board has

now initiated a process of finding a new CEO for the Company. During this process Svein Erik Lilleland has been appointed as interim CEO. Svein Erik Lilleland joined the board of the Company in October 2016 and has since then been closely involved with the Company

senior management. Ulf will remain with the Company for a transition period to ensure an orderly hand-over, the specific length of which is yet to be decided. **2017-09-07**



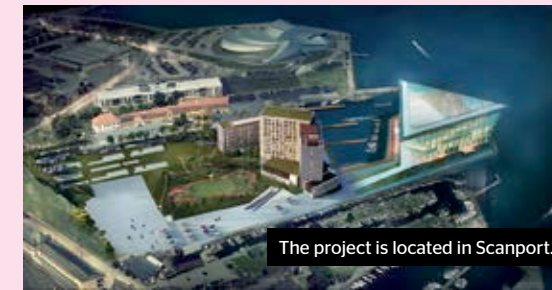
Ulf Nilsson.

## 2 Skanska invests EUR 77M in Danish Hotel Project

Denmark The hotel will be leased by Scandic, who has signed a 20-year lease agreement.

The project, located in Scanport close to Copenhagen airport and the Oresund Bridge, is 25,500 square meters, of which 18,700 square meters hotel and conference facilities and 6,800 square meters basement and underground parking. The airport hotel is placed between two harbors giving the building superior views from the majority of the 357 rooms.

The execution of the project will be in cooperation with the contractor KPC København A/S. Construction begins in January 2018 and completion is scheduled for September 2020. **2017-09-21**



The project is located in Scanport.

PICTURE: SKANSKA

## 4 Svevia to Sell 158 Properties

Sweden In an upcoming giant deal Svevia will sell 158 properties in strategic locations across the country. According to Nordic Property News' experience the background to the deal is that Svevia wants to focus on their business instead of owning and managing a bunch of properties. The 158 properties are

more or less all properties owned by Svevia.

According to information received by Nordic Property News, the sales task was appointed Colliers International. The ambition is for the deal to be finished before the end of the year. They are hoping for a single buyer for the entire portfolio. **2017-09-22**

## 9 CBRE GI Buys for EUR 80M in Gävle

Sweden CBRE European Shopping Centre Fund II, a fund managed by CBRE Global Investors, has acquired Gallerian Nian in Gävle, Sweden, for EUR 80M. The vendor was a closed end fund managed by Barings Real Estate Advisers.

Gallerian Nian is a dominant 21,155 square meter shopping centre, built in 1973 and renovated in 2014. It comprises 50 retail tenants laid out over two floors and has 700 parking spaces. There is one floor of offices with nine tenants and a cinema complex. The asset is anchored by Coop, Systembolaget, H&M, Lindex and Clas Ohlson. **2017-09-14**



Gallerian Nian in Gävle.

PICTURE: CBRE

## 11 Axer and Skanska in EUR 70M Project in Bergen

Norway Axer Eiendom has given Skanska the contract for the housing project Gartnerløkken in Åsane, Bergen.

The project of 163 apartments has an expected sales price of MNOK 650 (EUR 70M). Skanska has now been awarded the total contract for the project.

The contract is divided into three stages, the first of which

has a contract value of NOK 115 (EUR 12M) including VAT.

Construction start starts at the turn of the year 2017/2018.

The entire project will be completed in summer 2020.

"We look forward to working with Skanska on our construction project in Bergen," says Axer Eiendom CEO Borger Borgehaug. **2017-08-31**

### 13 TH REAL ESTATE ASSIGNS HEAD OF FINLAND

Finland TH Real Estate appoints Katja Holmström as Senior Portfolio Manager in charge of Finland and opens a new office in Helsinki. **2017-09-29**

### 6 NORDEA MOVES HQ FROM STOCKHOLM TO HELSINKI

NORDIC The Nordea Board of Directors initiates a re-domiciliation of the parent company to Finland – operations in all Nordic home markets remain unchanged.

"We will continue to deliver value for all customers, as we will keep on working with the Nordic operating model in the same way as we do today. We remain relentlessly committed to all of our four home markets and look forward to continuing to create strong products and solutions for our customers and contribute to the Nordic societies and economies," says Casper von Koskull, President and Chief Executive Officer, Nordea.

The Nordea share will remain listed on the stock exchanges of Stockholm, Helsinki and Copenhagen. **2017-09-07**



Casper von Koskull.

### 5 HEIMSTADEN ACQUIRES TWO COPENHAGEN PROJECTS

Denmark Heimstaden acquires two housing projects in Copenhagen for approximately EUR 106M. Heimstaden, through their Danish subsidiary Heimstaden Danmark A / S, has acquired two real estate projects in Copenhagen, Kanalkajen and Nordkajen. The construction projects are situated on Tegelholmen in the expansive part of Sydhavnen and comprises about 21,500 square meter, containing a total of 246 houses. **2017-09-01**



NORDIC NEWS

10 NORWEGIAN MINISTER ENSURES MAJOR GARDEMOEN DEVELOPMENT

Minister of Transport and Communications Ketil Solvik-Olsen intervene in the order for a major development at Gardermoen. Thus, Oslo Airport City is closer to becoming a reality. 2017-09-07

3 LEHTO CREATES NEW LOGISTICS CENTRE FOR DSV

Lehto has signed an agreement with the global transport and logistics company DSV for the construction of a logistics centre in the Päiväkumpu area of Vantaa, near the Helsinki-Vantaa airport. 2017-09-05

16 HEMFOSA ACQUIRES IN BERGEN AND SARPSBORG

Hemfosa Fastigheter has signed acquisition agreements for one property in Bergen with a large proportion of community services tenants, and one community service property in central Sarpsborg, with a total property value of EUR 31M. 2017-08-22

1 KLÖVERN AND CITYCON TO DEVELOP GLOBEN SHOPPING

Klöver and Citycon have signed a letter of intent for joint development of the shopping centre Globen Shopping, located just south of Stockholm's inner city. 2017-08-31



Globen Shopping.



Swedbank moves into Grand Central.

PICTURE: FABEGE

18 Fabege Lett 16,500 square meter to Swedbank

Swedbank is collocating large parts of its functions at Grand Central Sundbyberg. The green lease relates to approximately 16,500 square meters and extends for a period of ten years.

Grand Central Sundbyberg will together with Swedbank's existing premises on Landsvägen 40 be the bank's headquarters.

"We're delighted that we were able to offer Swedbank a solution that meets their needs perfectly. The bank will have easy

access to its second headquarter, excellent public transport links and the opportunity to fully customise a contemporary office building that already has a strong identity," said Klaus Hansen Vikström, Fabege's Vice President and Director of Business Development.

The move is expected to take place by the end 2018. This lease means that the entire office section of the building is now fully let. 2017-09-21

14 PFA Builds Four New Universities for EUR 134M

Pension company PFA wants to erect four new universities in Odense, Aalborg, Aarhus and Copenhagen during the next few years, for DKK 1 billion (EUR 134M). It would be named the "PFA Kollegiet" and the capacity of the universities would be more than 1,000 students. The first university will be finished in Odense in 2020.

"We have had great use of the development that Denmark

has undergone during the past 100 years, and because of that we want to contribute to the continued development going forth. With our universities we want to create modern and attractive student housing to take on the housing shortage that many students experience," says Allan Polack, CEO of PFA.

The four new universities will be finished in 2022. The development is a cooperation with Arkitema Arkitekter. 2017-09-01

12 Large Transaction in Stavanger

Øgreid Eiendom has divested Ankerkvartalet of 28,000 square meters to Union Eiendomskapital. The property consists of five buildings.

"Union has purchased and sold properties in the Stavanger area for approximately EUR 269M during the past twelve

months. It is a market where we want to exist in the long run," says Øystein A. Landvik at Union, and he continues: "Ankerkvartalet has 44 tenants in finance, consulting, law and oil related business". 2017-09-29

19 Genesta Acquires in Stockholm

Genesta has, on behalf of Genesta Nordic Real Estate Fund II, acquired Arninge Centrum from Unibail-Rodamco.

The 20,300 square meter retail property is located in the expanding municipality of Täby, 15 kilometers north of Stockholm city center.

"We are thrilled to complete our first acquisition in Sweden for GNRE Fund II. Arninge Centrum has a great deal of potential and we have a positive view on retail in growing and expanding municipalities in Sweden. This is the fund's seventh acquisition across the Nordics so far and we are actively looking to acquire more value add properties in Sweden and the other Nordic countries," says Genesta's CEO David Neil.

"Genesta now has a property with good development po-



Arninge Centrum.

PICTURE: GENESTA

tential and we can focus on our core properties," says Lars Åke Tollemark, CEO of Unibail Rodamco's Nordic operations.

Roschier and KPMG advised Genesta on this transaction.

2017-09-14

20 Lilly Divests on Strøget for EUR 30M

The Amagertorv 19 property is divested to Switzerland based holding company Richemont.

Lilly is also a user of the property, that consists of 2,369 square meters distributed on retail and office spaces. There is also a development potential for apartment conversion.

"Through the divestment of Amagertorv 19 we see a continued trend where investors request properties by

Strøget with development potential, where there for example is a possibility to optimize the business or convert offices to apartments," says David Hauge, CEO at Nybolig Erhverv København.

Nybolig Erhverv København and Savills have been Lilly's advisors in the divestment. Richemont's advisor was Capital Investment. 2017-09-14

15 NREP SELLS FOR EUR 168M

NORDIC NREP

secures the largest portfolio exit of necessity driven retail assets in Sweden in 2017 by selling a portfolio consisting of 11 assets and a total area of 63,500 square meters to Storebrand/SPP.

The total value amounts to EUR 168M. The retail portfolio consists of 11 necessity driven retail properties with a total 63,500 square meter lettable area in attractive locations in the greater regions of Gothenburg, Stockholm and along the E4 corridor from Stockholm to Linköping. The portfolio has been built up and optimized by NREP Retail over the last five years.

"NREP is proud to secure yet another exit with very attractive risk adjusted returns to our investors. This exit further underpins NREP's strong position as one of the leading managers in the Nordic region," says Gustaf Lilliehöök, Partner at NREP. 2017-08-22



Gustaf Lilliehöök.

PICTURE: NREP

7 AALTO UNIVERSITY DIVESTS PROPERTY

Aalto University divests the Chydenia property in Töölö, Helsinki, but leases the premises until July 2019.

The building comprises approximately 8,100 square meters.

Aalto University has also signed a fixed-term lease agreement on the Chydenia premises until July 2019. 2017-09-05



Chydenia is located in Töölö, Helsinki.

PICTURE: AALTO UNIVERSITY

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# Slowdown of the *Swedish market*

■ The Swedish real estate market is still strong, but it is about to taper off after the record years in 2015 and 2016.

“There is no sign of disease but rather a cyclical slowdown,” says Catella’s Robert Fonovich. **By:** Axel Ohlsson

**AFTER TWO RECORD YEARS** in the Swedish transaction market, 2017 have seen a slight decline. Nevertheless, transaction levels are still high.

“It has been a pretty good first half of the year, although market activity is lower now than it was before,” says Robert Fonovich, Partner and Head of Corporate Finance at Catella.

“We see that there have been relatively many transactions of construction rights, that volume has risen compared to earlier. Retail properties have also been sold to a relatively high extent.”

“Many companies do not think they need to buy right now, instead they might be stopping and consolidating their company and investing in existing stocks. There are no pressed sellers. The question is whether we end up in a situation where we enter a slower pace because there is not the same need to expand as previously.”

“Underlying is strong. However, there are a number of factors that can make it languish and go down closer to SEK 120–130 billion (EUR 12.5–13.5) rather than the SEK 180–190 billion (EUR 18.8–19.8) which we’ve been up to.”

“There are still high volumes and these are not signs of disease, but perhaps more of a cyclical slowdown.”

**WITH A THRIVING** – albeit stagnant – transaction market, real estate companies also do well.

“Most real estate companies are doing well. There are no distressed credits and none that can not live up to their commitments. We have had a unique situation with rising rents despite the fact that we have no inflation, while also having extremely low real interest rates. Looking at it from a historical perspective, we have rarely seen such good earnings as now.”

“Looking at both value development and cash flow in terms of improved income minus costs, both have delivered in a very good ➤





PICTURE: ISTOCKPHOTO



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

**Political sys-  
tem:** Constitu-  
tional 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 indu-  
stries:** Mechanical engineering,  
automotive, information and  
communication technology, pulp &  
paper, power generation, pharma-  
ceuticals, iron and steel, transport  
services and tourism.

**Most important import goods  
and services:** Foodstuffs, raw  
materials and fuels, chemical  
products, machinery, electrical  
equipment, information & com-  
munication products and servi-  
ces, road motor vehicles, textile  
products & apparel, tourism.

**Most important export and  
import markets:** Europe, North  
America and Asia.

Source: Invest Sweden



**AT THE TOP.** Stockholm is among the top three in Europe in terms of capital value per square meter.

› way. Capital values per square meter in Stockholm are currently in the top three in Europe. With a market rent of SEK 8,000 (EUR 830) per square meter and a direct return of 3.5 percent, you get a capital value of well over SEK 150,000 (EUR 15,600) per square meter. Almost everything seems possible to rent out at the moment. A lot of new projects are being launched, without having tenants, where you put the spade in the hill if you talk commercially.”

“**THERE IS A LOT** of supply. The question is where we are in the cycle when this happens and if there is a demand for everything. GDP growth will start slowing down in the second half of 2017 and there will not be the same strong demand for new premises. This may mean that the less attractive locations situated far away from communications, where there are no office clusters, will probably see tougher times. While properties on the outskirts with good communications will still be strong.”

**BUT ALTHOUGH THE INDUSTRY** is still strong, there are reasons to be vigilant in the future.

“We follow the housing development carefully. At Catella we have analyzed population trends and how and with whom Sweden grows. We already found that there is no payment ability to consume all the new homes built in the same segment. We believe there will be some kind of correction. Not a drop in prices, but it will slow down.”

“Because of this, we believe in a consolidation among develo- pers. In Stockholm, 40 have grown to 400 developers in a relatively short period of time. Everyone does not have particularly long experience or resilient balance sheets.”

“We do not think the biggest threat is building in wrong places or lack of quality in the products, but that it takes a lot longer now. If you have been selling a stage over three to four months, it may take up to one year before you have sold everything now. Then you need to have a balance sheet that is robust enough when you do

not see the profit as early in the process.”

“With retail properties, many consider how retail will develop in the next few years.”

“There are few companies that do bad today. However, as a property owner, you should be observant of underlying factors in the industry, so you can be proactive.”

› **Do you notice that companies start to be more cautious?**

“What you see is that companies are more cautious to acquire new, expensive building rights. You may be a little more careful and work more with what you already own.”

› **Will the Swedish elections next fall affect the market?**

“No, not very much. What influences an election year is that the municipalities are cautious in selling and making decisions that can be perceived as controversial. Housing issues and migration, on the other hand, are high on the political agenda, and of course



**LIKES  
CARS  
AND ITALY**

**Name:** Robert  
Fonovich.

**Age:** 48.

**Lives:** Saltsjö-  
boo, Stockholm.

**Family:** Wife  
and two kids.

**Leisure  
interests:** Cars,  
motorsports  
and Italy.

it can affect some of the real estate companies.”

“The important thing is that there are no uncertainties in which current operating systems are shattered. Neither the packaging investigation nor the question of limited interest rate deductions for companies seem to be election questions. However these are important questions for the market in the future and we therefore follow them carefully. But I do not think there will be any major electoral questions that affect the real estate industry.”

**FOR FOREIGN INVESTORS**, Sweden continues to be an inte- resting market. It is primarily two groups that stand out among foreign investors.

“It is a quite strong foreign interest. But the objects we have on the market can rarely match their needs.”

“We see two categories that are very active right now. On one hand there are German investors and German funds and on the other there are large global private equity structures that focus ›



**INTERESTING.** The Swedish real estate market is still interesting to foreign investors, specially German investors and funds and large global private equity funds.

› on real estate; like Starwood and Blackstone who are looking for opportunistic returns.”

› **Are there any special segments foreign investors are looking at?**

“Both the German investors and private equity funds, in principle, have a limited investment time. They are not eternal structures, which means there must be liquidity in the end. This makes them careful to go too far into the periphery. They are worried not to find a commission.”

“The Germans are focused on our main markets. The office market in Stockholm and possibly Gothenburg as well as retail and logistics in good locations. It is quite streamlined and fairly non-controversial investment strategies.”

“While the opportunist funds are very open and less dependent on segments as long as it is in growth spots.”

**THE SWEDISH ECONOMY** as a whole has been characterized by strong growth in recent years. But there are trends in how housing conditions can affect it.

“We have had extremely strong growth, due to the rise in

»We believe the housing prices will slow down.«

housing prices. We see a strong connection between rising housing prices and GDP growth. The change in net exports has actually contributed negatively to growth in all years since the latest financial crisis. Then, significant investments in housing have also had a positive impact on growth.”


“We believe the housing prices will slow down. This means that their contribution to GDP growth will diminish and then they have to be replaced by something else.”

“Our main scenario when we look at economics in general is that we will have a healing effect from increased net exports. That is, driven by the fact that the growth countries continue to go well.

Also Germany, which is our largest trading partner for export, is still performing well. We hope that the increased net exports will, in any case to a certain extent, replace the part of the growth that has come from the price development on housing. But it will not be able to fully replace it. So we see that the growth will be slowed down.”

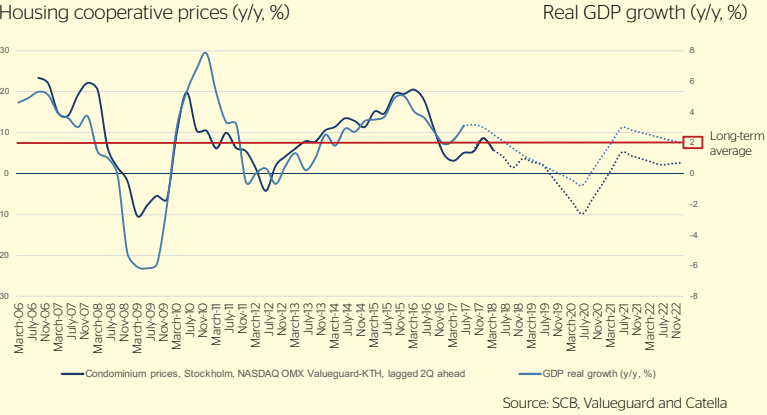
“We see a slowdown in private consumption, driven by rising housing prices – through transactions with private housing, new money has been created for the system. Declining consumption will probably reduce demand for low wage services in low-income sectors. We believe that there will be a small change in our growth model.”

**CATELLA THEMSELVES** HAS started 2017 strongly and aims to end the year in the same way.

“This fall we have extremely exciting things happening in both real estate transactions and corporate finance. We have a very strong pipeline and want to continue to be one of the leading consultants.” 

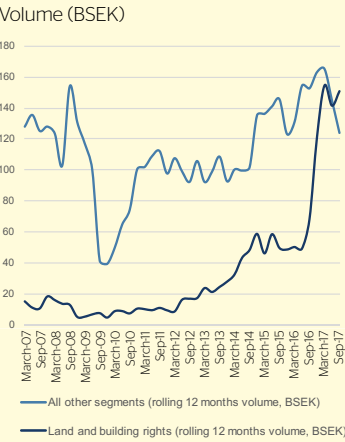
**A CRACK IN HOUSING PRICES CHANGES SWEDEN'S GROWTH MODEL**

**GDP growth and housing cooperative prices in Stockholm**

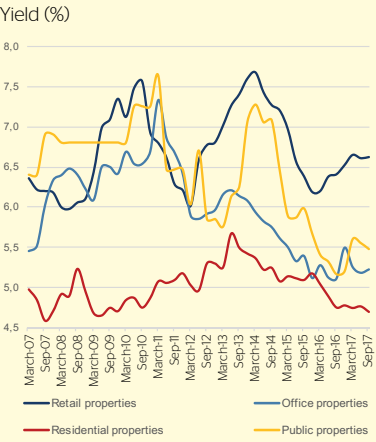


**TRANSACTIONS VOLUME LAND/BUILDING RIGHTS ON RECORD LEVELS**

**Transaction volume, Sweden**

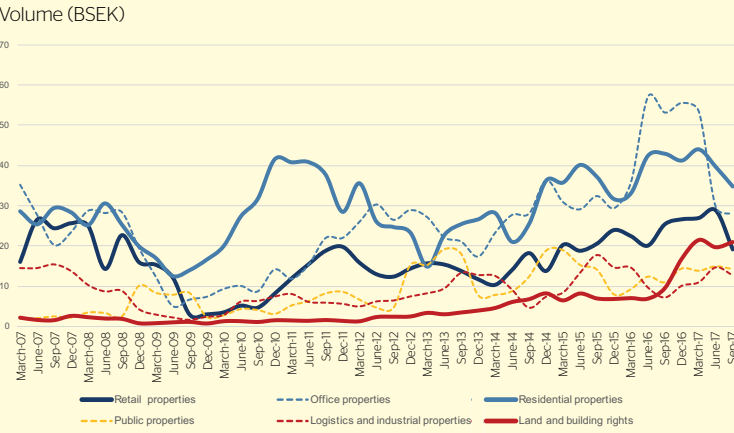


**Yield on average**



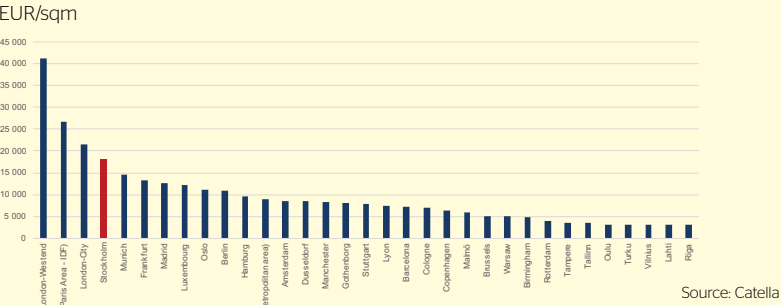
**THE MARKET IS AT THE END OF A PERIOD OF HIGH TRANSACTION VOLUMES**

**Transaction volume, per segment**



**STOCKHOLM HIGHLY PRICED IN A EUROPEAN PERSPECTIVE**

**Rentvalue (market rent x multipler)**







# The largest transactions with retail properties

**Top 5** // Retail transactions, October 2016–September 2017 The data has been collected by Newsec.

**1 CBRE acquires Bromma Blocks**  
**SEK 2.2 billion (EUR 231M) – EUR 4,176/square meter**  
CBRE Global Investors completed a large transaction when they acquired Bromma Blocks from Starwood. The 57,000 square meter shopping centre was acquired by CBRE GIP European Co-Investment Fund (ECF) in a joint venture with Vencom Property Partners. The occupancy rate is 96 percent. 25,000 of the 57,000 square meters are shopping center and 32,000 square meters are retail park. The largest tenants are Coop, XXL, Åhléns, H&M, Jula and Rusta. The property also includes 2,300 parking spaces. An expansion to double the retail areas is planned.

**2 Major deal between NREP and Storebrand**  
**SEK 1.6 billion (EUR 168M) – EUR 2,665/square meter**  
NREP completed the largest retail portfolio exit in Sweden during 2017 when the company sold eleven properties with a lettable area of 63,500 square meters to Storebrand. The portfolio is spread over several locations in the Gothenburg region, the Stockholm region and along the E4 highway between Stockholm and Linköping. The portfolio has been optimized by NREP over the last five years.

**3 Eurocommercial acquires C4 Shopping**  
**SEK 1.325 billion (EUR 139M) – EUR 3,420/square meter**  
Eurocommercial has acquired C4 Shopping in Kristianstad from a group of private investors, of whom Paul and Pär Frankenius are the largest owners. C4 Shopping opened during the fall of 2017 and is expected to be completed during the fall of 2018. The 40,000 square meter shopping center is situated along the E22 highway and will include 90 stores and restaurants. Next to the shopping center a 6,500 square meter supermarket is being developed.

**4 Olav Thon expands in Sweden**  
**SEK 1.3 billion (EUR 136M) – EUR 4,260/square meter**  
The largest shopping center owner on the Swedish market, Olav Thon, completed one of the biggest acquisitions in 2016 when they bought Torp outside of Uddevalla from Steen & Strøm. Torp is strategically situated along the E6 highway between Gothenburg and Oslo and has a lettable area of 31,600 square meters. The shopping center has a approximately 4.3 million visitors yearly and a turn around of MSEK 892 (EUR 94M). In addition to the acquisition of Torp, Olav Thon also acquired Åsane Storsenter in the Norwegian city of Bergen from Steen & Strøm.

**5 Pradera makes large acquisition from Ikea**  
**SEK 1.25 billion (EUR 131M) – EUR 2,161/square meter**  
British Pradera made one of last years most noted acquisitions when they bought 25 european retail parks from Ikea for a transaction price of EUR 900M. The transaction does not involve the Ikea stores but rather the retail parks surrounding them. Among the 25 retail parks, four are located in Sweden; in Haparanda, Uppsala, Borlänge and Uddevalla.

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# Symbiosis in Stockholm

■ Citycon and Klöver teams up to develop Globen Shopping. Is this symbiosis the secret to get a shopping center to bloom?

By: Axel Ohlsson & Victor Friberg

**THE DIVISION OF OWNERSHIP** in the jointly owned company will be 55 percent Citycon and 45 percent Klöver. Citycon will develop and implement the commercial concept for Globen Shopping in close co-operation with Klöver and the City of Stockholm. According to the current development plan the parties estimate a total investment, including acquisition of part of the property Arenan 2, of SEK 2.5–2.8 billion (EUR 262–294M).

**THE DEVELOPMENT OF** Globen Shopping is expected to mean more than doubling the size from the present approximately 20,000 square meters, including an increased share of service and culture. The objective of Citycon's and Klöver's development project is to transform Globen Shopping and Arenavägen from the current status as a withdrawn backside to a bustling and vibrant street serving the local community and visitors to the many sporting and cultural events taking place in the adjacent arenas.

**THE SHOPPING CENTRE** has the potential to become a local hub for the new district which is to be developed in the Meatpacking District with development plans for around 4,000 homes and 10,000 workplaces. ➤

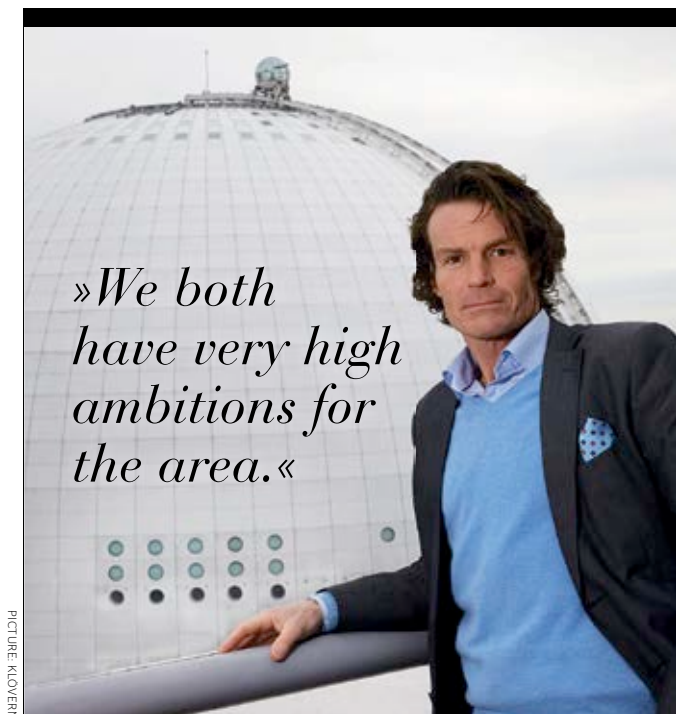
PICTURE: DREAM ARCHITECTUR

*»This is a hidden gem that we are going to polish and make more connected to the area than what it is now, make it more open and available.«*



**EVENTFUL.** The area houses both the concert and ice hockey venue Globen and the football stadium Tele 2 Arena.





»We both have very high ambitions for the area.«

Rutger Arnhult, Klöver's CEO.



**LIVELY.** The area will cater to both the locals and visitors.

➤ "It feels great to have done this with Citycon. We both have very high ambitions for the area," says Klöver's CEO Rutger Arnhult.

"This is a hidden gem that we are going to polish and make more connected to the area than what it is now, make it more open and available. It will become a hybrid, meaning that it is going to be easily accessible and offer daily services to the people in the area while also accommodate people visiting the area for concerts and sporting events. You will see new restaurants and other services that will provide what the visitors request. We will also develop more public services in the same way we have done in Liljeholmen," says Citycon's CEO Marcel Kokkeel.

**KLÖVERN HAS BEEN LOOKING** for a partner since the turn of the year.

"You don't want to team up with your competitors. And the number of players who are fit for a project like this while also not being a competitor has not been very big. But Citycon fits us like a glove," says Rutger Arnhult.

Citycon views the partnership as part of its strategy to develop, own and manage district centers in growing cities. The development project will give the company a unique position in one of the foremost future areas in Stockholm.

"Klöver was a logical partner. We came into contact with each other and it became clear that we would be the right dance partners. We both want to develop the area into something more than it is now but we have different values to offer. They know housing and offices and we know retail. So we can add value to each other," says Marcel Kokkeel.

**ALREADY KLÖVERN IS** open to further collaboration with Citycon.

"We are part of a marriage, one can say that, and I really hope that it will be a beautiful marriage ... I think much is talking about it, Citycon is great in property development, but not at all interested in offices. It suits us perfectly," says Rutger Arnhult. **F**

»Klöver was a logical partner. We came into contact with each other and it became clear that we would be the right dance partners.«

Marcel Kokkeel, Citycon's CEO.



PICTURE: CITYCON

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# Annica Ånäs

She aimed for the Swedish Tax Agency, but ended up in the real estate industry. With Fastighetssverige, Annica Ånäs talks about her quick career steps, the importance of getting all people to move in the same direction, family life and exercise and where she sees

*Atrium Ljungberg in the future.* By: Axel Ohlsson

There was not supposed to be an interview with Annica Ånäs. At least not in a real estate magazine.

After an upbringing that took her between Farsta, Järfälla and Täby, she started at Stockholm University, with the goal of doing something completely different.

“I began to study law but soon found out that lawyers are bad at counting,” says Annica Ånäs, and fires off that warm laugh that recurs several times during the interview.

“So I decided to add economy to my studies. I graduated with a degree in both law and economics with the goal of becoming a tax attorney,” she adds.

**SHE ENTERED A TOUGH** job market in the early 1990’s and applied to work at the Swedish Tax Agency but got work at an audit firm instead. After starting at a small audit firm, she ended up at Deloitte and quickly took big steps on her career path.

“The audit industry is very hierarchical but I thought it was fun to work so I skipped a couple of the steps you usually take. I quickly

» I thought it was fun to work so I skipped a couple of the steps you usually take.”

got quite a lot of responsibility.”

After being on Deloitte for five years, Annica Ånäs went to the small company Producenterna. She quickly became CEO and increased the profitability of the company, which after three and a half years was sold to Bonnier. Then Annica Ånäs chose to leave to do something else.

Something else was the real estate industry and Atrium Ljungberg.

“It was really something completely different. To enter a listed company with a large finance department was a wonderful challenge.”

» Was it the listed company more than the real estate market per se that attracted you?

“The real estate industry is very ‘tangible’ with the houses and developments. So I was very curious about the industry – at the same time I am as a person open to doing quite a lot of things. I often get very engaged in what I do.”

**EVEN AT ATRIUM LJUNGBERG**, Annica Ånäs took rapid steps. She took over as acting CFO when Ingalill Berglund – who recruited her to the company – went on parental leave and after a short period of time at Hemsö, Annica Ånäs took the role as CFO of Atrium Ljungberg permanently when Ingalill Berglund became CEO.

After Annica Ånäs had been CFO for Atrium Ljungberg for five years, Ingalill Berglund became ill for an extended period. The solution was that Annica Ånäs stepped in as acting CEO.

“I noticed that the job was very fun, while I wanted Ingalill to recover.”

When it became apparent that Ingalill Berglund – who today has made a recovery and is CEO of Axfast – would not return to Atrium Ljungberg, Annica Ånäs was asked to take over as CEO permanently. »

## LISTENS TO THE RADIO

**Name:** Annica Ånäs.

**Age:** 46.

**Family:** Husband and two sons.

**Living:** Apartment in Danderyd, Stockholm.

**Earns:** “Good.”

**Drives:** “BMW 330 E, an electric hybrid.”

**Watches:** “Netflix. Homeland is my favorite series.”

**Listens to:** The radio.

**Reads:** “Right now Hjärnstark (Brain strong) by Anders Hansen. I read a lot of books on my cellphone, it is very handy.”

**TEAM PLAYER.** Team work is key for Annica Ånäs.





**LOOKING AHEAD.** Atrium Ljungberg has doubled its real estate value in Annica Ånäs ten years with the company. They are looking to keep that pace.

»I am not a lonely player, it is the team that is important.«

► “When I was asked to take over, there was no doubt about saying yes.”

► **Would it have been difficult to return to the CFO position after having been acting CEO?**

“Yes, that is always the case. Because you get new dimensions and I love learning new things, I love challenging myself and reaching new goals. Then it is always hard to go backwards.”

► **What has surprised you most as CEO?**

“It is probably just that it is so incredibly fun. I thought it would be fun, but I would not have expected it to be so much fun. I probably thought that the feeling of vulnerability – to really stand in the front line – would be more stressful than I feel it is.”

“I decided very early that I would lead the company based on what I believe in. Either it would work, and if it did not then I would not be the right person for the job, and then I should not be in charge. I think you have to be very clear about that.”

**ONE OF THE CORNERSTONES** of the Atrium Ljungberg Annica Ånäs runs is leadership and to see others grow and move forward as a group.

“I am incredibly passionate about leadership and in getting others involved. To me, it is such an amazing feeling when you are a team that

works together to achieve a goal. I am not a lonely player, it is the team that is important. That we together decide how we should act to achieve our goals. To experience the feeling that we have done something together is incredible.”

**OUTSIDE WORK, TRAINING** and family take up much of Annica Ånäs’ time. She met her husband Fredrik at a John Farnham concert when she was only 16 year old.

“It is quite strange that we have 30 years anniversary this year,” says Annica Ånäs, laughing.

“We have a lot of respect for each other. And we have managed to find time to keep doing things we like together.”

The couple has two sons, Marcus and Niclas, 14 and 15 years old, respectively.

“They are two great guys. They played a lot of football earlier, but now they have left it behind so now there is a lot of going to the gym instead. All four of us in the family go to the gym to work out together, in different constellations.”

**WITH STRONG TEAMS** both at home and at work, Annica Ånäs aims to continue developing Atrium Ljungberg in the same way as the company has moved forward during her nearly ten years there.

“Previously, our profile was almost exclusively office and retail. Today, this is part of our urban development. And today our focus is more on how we build attractive places, where we create flows that actually deliver a positive value trend over time.”

“Then it has been important for me to increase the investment rate. We carried out some transactions, but we also increased investment in our own properties. Where the target has been SEK 1 billion a year for quite some time. Last year we reached that goal, so this year we guided towards SEK 1.5 billion. In the first half of 2017 we were at MSEK 749, so we are pretty well in line. To keep a little bit over one billion is definitely the goal ahead.”

“We work a lot with our project portfolio. But we should not be satisfied with that, we must always develop the portfolio so that we will have a good investment rate going forward. We are a growth company and we will continue to be so.”

“In March next year I have been at the company for ten years. Looking at where the company was when I started, I think we were at a real estate value of about SEK 20 billion – it is 40 billion today. My ambition is to continue in this pace.” ■

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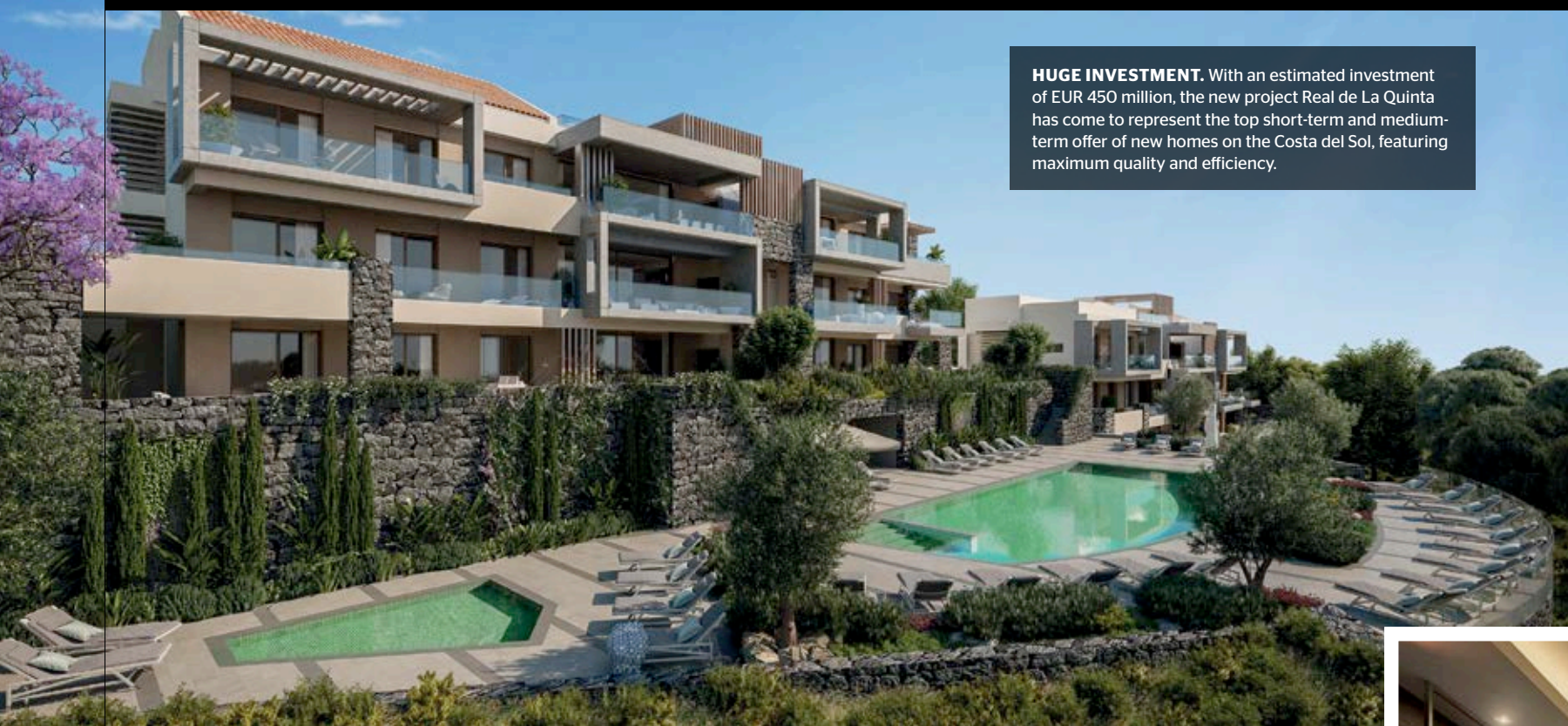
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**HUGE INVESTMENT.** With an estimated investment of EUR 450 million, the new project Real de La Quinta has come to represent the top short-term and medium-term offer of new homes on the Costa del Sol, featuring maximum quality and efficiency.

# Scandinavians in focus in new sustainable Marbella-project



**SUSTAINABLE PROJECT.** Only 6 percent of the homes sold in Marbella are new. Real de La Quinta now represents a unique, sustainable, fully modern offer to help fill this gap in Marbella-Benahavis.



■ Marbella is back on the international market with Real de La Quinta, a model for new, sustainable luxury homes. And Scandinavians are targeted as buyers.

**By:** Eddie Ekberg // **Picture:** La Quinta

**THIS IS THE FIRST DEVELOPMENT** in Spain with Breeam sustainable construction certification, and it is destined to become the Mediterranean's primary focus of attention for short-term and medium-term availability of international residential properties.

**WITH THIS PROJECT,** La Quinta Grupo Inmobiliario is becoming the only company in the region to start up a second residential development. Its first was La Quinta Golf Housing Complex built 30 years ago, which consists of apartments, villas, a hotel, and various recreational services that occupy almost 160 hectares, and with a total of over 1,300 homes. That project helped the Group gain expertise that now backs up its ability to take on the new challenge of Real de la Quinta, which represents an investment of approximately EUR 450 million.

**IN THE WORDS** of Borja Pascual, Executive Vice-President of the La Quinta Grupo Inmobiliario: "We're offering much more than spectacular homes in a top location. We set ourselves apart by ➤

**LA QUINTA GRUPO INMOBILIARIO** has begun initial construction work at Real de la Quinta, a new residential tourism development with approximately 1,600 luxury homes, located in the best enclave of Marbella-Benahavis in the province of Malaga. The project is situated on 202 hectares of land within the last zone of new construction remaining in the heart of the Costa del Sol. Designed for the international residential market, and with Scandinavians targeted as buyers, the resort's focus is on design and quality-of-life, while showing maximum respect and care for the environment.






**SECOND PROJECT.** La Quinta Grupo Inmobiliario is the only company in the region that has taken on a second project with these characteristics, after the development of La Quinta Golf Housing Complex 30 years ago.



Borja Pascual,  
Executive Vice-  
President of the  
La Quinta Grupo  
Inmobiliario.

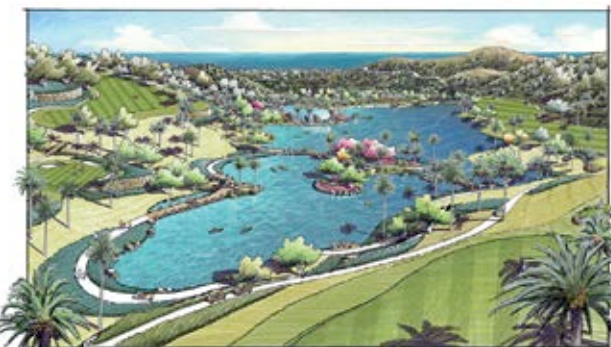
*»Designed for the international residential market, and with Scandinavians targeted as buyers, the resort Real de La Quintas focus is on design and quality-of-life, while showing maximum respect and care for the environment.«*

➤ being a very high-quality resort that features environmental sustainability, one that is fully integrated into its natural surroundings, transmitting the lively and positive spirit of Marbella. The designs have also been based on the innovative and practical 'smart living' philosophies developed in the countries of northern Europe". He goes on to say, "it is an authentic oasis, an environment where nature, innovation, tranquillity, privacy, security, and the pleasure of living can all coexist. In the end, our intention has been to create a paradise where we can enjoy the quality of life we have always dreamed of".

**THE FIRST COMPLEX,** Olivos, includes 90 apartments with 2-4 bedrooms, distributed in 12 buildings and with landscaped common areas and swimming pools. These homes have been available for sale since September, and will be completed for delivery in the autumn of 2019. 



**FIRST.** This was the first development in Spain to earn the Breeam certificate for sustainable construction.



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# Norway on the move

■ The development of the Norwegian real estate market has been prosperous over the last couple of years. Pangea Property Partners' CEO Bård Bjølgerud analyzes the foreign interest in Norway, which segments are the strongest and the reality of the price drop in the housing market in Oslo. **By:** Axel Ohlsson

**NORWAY IS SEEING** blossoming financial times. The real estate market is no exception.

“There are very good capital flows and general interest in real estate from all sorts of players. There are high transaction volumes and all kind of players are active in the market, institutions, syndicates, international players, privately owned companies and listed companies. This is partly due to the fact that real estate is doing very well compared to other segments, based on cash flow, returns and stability,” says Bård Bjølgerud, CEO of Pangea Property Partners.

“Overall, the Norwegian economy is doing well, better than last year. There is no big oil crisis anymore, much of what has been negative effects of an oil price drop has passed. Unemployment is on its way down, GDP is on its way up, interest rates are still very low and population growth is still very strong in Norway.”

“There are well-functioning banks, bond markets and other ways to finance. Often, you get the loans you need.”

“All the factors needed to drive an underlying real estate market are very good. Overall, there is a sound basis and reasonable growth in the real estate market in terms of rental income.”

**THE STRONG TREND** is noticeable in several directions. Above all the office segment is strong.

“Looking at offices in Oslo, vacancy is decreasing. There is an increase in demand for office space and an increase in rent in general. In addition, there is expectation of further rental increases in office market in the future. That segment looks particularly good. This is not just Oslo but also the regional markets outside of the capital.”

“The office market in Oslo has many similarities with that in Stockholm. A high degree of conversion from office to housing has created a lack of office space. Overall, the office market is very strong in Norway.”

Norway's strong progress has risen the interest of the Norwegian real estate market for foreign investors.

“There are several groups of foreign investors looking at the Norwegian market. Large international opportunistic companies who have a widespread market and invest all over the world, seek opportunistic returns where the deals are located. At the moment, Norway and the Nordic countries are very well suited for them.”

“But this is driven by opportunity. When there are deals to be made, they come here otherwise they are searching elsewhere. Those kind of players come and go all the time. But many of them have invested in Norway and are active in Norway.”

“Then a new group has been established with more conservative core investors seeking prime property in Oslo; office, hotel, retail. The number of these companies have increased and they can pay sharp yield at four percent. They are very active on the market.”

“Then there are a number of Swedish actors like Hemfosa, SBB, Niam and some others who do business in Norway and are quite active. They aim to grow in Norway. They are not only looking for Oslo, but also in regional cities.”

**FOREIGN INVESTMENT** IN Norway has increased severely in recent years and now accounts for a significant part of the total market volume.

“Now they make up about 20–30 percent of the volume,” says Bård Bjølgerud.

Recently there has been a shift in how foreign investors act.

“We have had foreigners who have been active 2014–2016, who have done very good business and are starting to rotate a couple of their properties.”

“The return they were looking for might have come quicker than they expected. Some of them are considering selling real estate and raising profits.”

“So from having been net buyers for three or four years – which they still are – they have become active sellers as well.”



**PROSPEROUS.** Much like in cross-country skiing, the Norwegian real estate market is doing very well.

**HOWEVER ONE AREA** in the Norwegian real estate market has come to a halt: the housing market in Oslo. The Norwegian authorities have tightened the rules for the size of loans and increased the requirement for equity required and how much private households can borrow. This has led to less speculation in the housing market, a little less demand. At the same time, more housing is being built now than in a very long time, even if there is still a deficit of new production.

“There is a lot of psychology in the housing market. When a lot of negative articles are written about the housing market, psychological factors often reduce prices,” says Bård Bjølgerud.

“In my opinion, there has been a healthy correction since the price growth in Oslo has been enormous over the last two years. Looking at the price chart, the prices in Oslo have risen 30 percent compared with the trend of price developments. What you may see now when prices go down is that it comes down to a level that is in line with the price trend. The correction in Oslo will certainly last a while.”

Although the change will continue for a while, Bård Bjølgerud says incentives mean that the Norwegian housing market will always be attractive to home buyers.

“There is still not enough housing to meet the demand and the ability to pay is very good. This is because in Norway – more than

in Sweden, for instance – you have the opportunity to deduct interest expenses on tax return and have a preferential taxation that does not affect housing, so there is a lot of incentives for owning your own home in Norway. About 80 percent of the population own their own house.”

“The housing cost is around five to ten percent of households' disposable income. So you have room to even pay more than you do today without affecting your income a whole lot.”

**THE NORWEGIAN AUTHORITIES** have created special rules for Oslo in order to slow down the price increase of housing. Now 40 percent equity is required to buy a second home in the capital, which also affects prices. However, the dip the housing market in Oslo is experiencing has positive effects on the neighboring municipalities.

“There is a crack in the curve in the housing market in Oslo. The authorities are not going to change the rules, and the stricter requirements will limit the demand.”

“What we see is that it is expensive to live in and buy an apartment in Oslo, which means that people are looking outside the city. The region around Oslo benefits from this while real estate in central Oslo sees a negative price effect.” ■





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