

Stockholm property market continues to grow

Written by Johan Nylander

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Stockholm's property market is being hailed as one of the most attractive in Europe, thanks a stable economy and a continuous influx of new residents.

Now Standard Life Investments plans to double its holdings in Sweden and invest some 100 million euro in commercial real estate in the Swedish capital.

"For international companies wanting to locate to the Scandinavian region, Stockholm is probably the top pick," the fund manager's real estate investment director Mark Meiklejon told Bloomberg.

"It's a very transparent market; it's liquid and pretty large; there is fiscal independence and a strong banking system."

The Edinburgh-based company plans to target the city's commercial real estate market and expects annual returns, before acquisition costs, of 7–9 percent, according to the Bloomberg report.

The Nordic region's largest building firm, Skanska AB, also expects to grow.

"We see an inflow of people and there is demand for new premises from companies and corporations," CEO Johan Karlström said.

"In the transaction market in Stockholm, you need the right location, a modern property and it has to have the right tenants and long leases."

The Economist magazine also paid tribute to Sweden's stable economy and innovative business climate. In a special Nordic-themed issue, the respected magazine said the region "is becoming a hothouse of entrepreneurship".

One of the reasons for Sweden's booming economy is lower tax: "It has [...] cut the top marginal tax rate by 27 percentage points since 1983, to 57%, and scrapped a mare's nest of taxes on property, gifts, wealth and inheritance. This year it is cutting the corporate-tax rate from 26.3% to 22%," the Economist report said.

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