LOVE THE CITY. BUILD MORE!

THE HOUSING MARKET IN SWEDEN
About 10 million people live in Sweden. The population is increasing, with the greatest increase in metropolitan areas. Today almost 25 percent of Sweden’s population live and work in greater Stockholm including Uppsala, while about 10 percent live in greater Gothenburg.

Wallenstam builds, develops and manages properties for sustainable housing and enterprise, mainly in Stockholm and Gothenburg. The housing shortage is enormous in the regions we operate in. The Swedish National Board of Housing, Building and Planning estimates that around 600,000 apartments need to be built in Sweden over the next nine years to meet demand.

**HOUSING DISTRIBUTION BY TYPE, STOCKHOLM**
- Housing co-ops: 40%
- Houses: 28%
- Other rental apartments: 18%
- Municipal rental apartments: 14%

**HOUSING DISTRIBUTION BY TYPE, GOTHENBURG**
- Housing co-ops: 22%
- Houses: 39%
- Other rental apartments: 18%
- Municipal rental apartments: 21%

**HOUSING DISTRIBUTION BY TYPE, UPPSALA**
- Housing co-ops: 31%
- Houses: 46%
- Other rental apartments: 9%
- Municipal rental apartments: 14%
### Forms of Tenure in Sweden

In Sweden, the following forms of tenure exist: rental apartments, cooperative apartments and condominiums and a smaller share of cooperative rental apartments that can be regarded as a cross between a rental and cooperative apartment. Apartment blocks are buildings with at least two floors and at least three apartments where the apartments are located above each other.

<table>
<thead>
<tr>
<th>Form of Tenure</th>
<th>Rental Apartment</th>
<th>Co-operative Apartment</th>
<th>Condominium in Apartment Block*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>The apartment is let on a long-term basis by a landlord that owns the property, to a tenant. The landlord is responsible for maintenance and management, including the apartment’s equipment such as white goods and fixtures.</td>
<td>A housing co-operative (co-op) owns the property and as a member you own a share in the co-op. This share gives a right to use a certain apartment in the co-op's building. The owner is responsible for internal maintenance of the apartment while the co-op is responsible for essentially all other property maintenance.</td>
<td>The owner owns his/her own apartment. Unlike ownership of e.g. a detached house, a condominium has a share in a joint-property unit, including roofs, façades, stairs and other common facilities.</td>
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<tr>
<td>Subletting</td>
<td>Subletting is allowed in special cases, and only after landlord approval.</td>
<td>Subletting may occur when the co-op allows.</td>
<td>As owner, you can sublet your apartment without permission.</td>
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<tr>
<td>Sale</td>
<td>A tenant may not sell his/her apartment to another tenant for consideration. A property owner can sell the entire apartment building, but not an individual apartment.</td>
<td>A cooperative apartment can be bought and sold on the open housing market. Market supply and demand impact the price.</td>
<td>A condominium can be bought and sold on the open housing market. Market supply and demand impact the price.</td>
</tr>
<tr>
<td>Rent/Monthly Fee</td>
<td>The tenant pays rent to the landlord. The rent is usually negotiated with the tenants’ association and is set using the utility value system where equivalent apartments in terms of size, room number, standard and location should have equivalent rents. For newly produced apartments, a presumption rent may be used, which simplified, means that the rent is set according to the property construction costs.</td>
<td>The cooperative apartment owner pays a regular fee to the co-op in addition to the consideration. The monthly fee for a cooperative apartment also includes interest for the apartment’s share of the co-op’s loans aside from the share of external management and maintenance costs.</td>
<td>The owner of the apartments pays a fee to the joint-property management association, which manages the common areas.</td>
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</tbody>
</table>

*Before 2009, a condominium was only possible in small houses.
RENAL APARTMENTS

There are around 1,430,000 rental apartments in apartment blocks in Sweden. Rental apartments are a form of tenure where an apartment is let on a long-term basis by a landlord to a tenant. Rental apartments in Sweden are strongly regulated by statute and cannot be allotted to the tenant through payment.

The tenant pays no deposit in the form of capital to secure the lease, but the tenant is allotted the apartment e.g. via a queue and then only pays a monthly rent to use it. The lease applies until further notice with a period of notice of 3 months for the tenant. The landlord cannot terminate the lease unless there are special grounds.

Utility value principle

The rent paid to the landlord is usually determined through negotiations between the landlord and the tenants’ association and is set based on the utility value system. The utility value system means that the rental rate for an apartment may not materially exceed the rental rate for an equivalent apartment where the rent is determined by a negotiated agreement under the Rent Negotiation Act. In other words, all collectively bargained rents are comparable, regardless of whoever owns the property.

Presumption rent

During new production, a possibility exists to use another type of rent setting process, a so-called presumption rent. In simple terms, the rent is set according to property construction costs, and in this case it may exceed the utilisation value level. A presumption rent is determined in negotiations with the tenants’ association and it cannot be reduced for 15 years in the rent tribunal, nor can it be a comparative object in the utility value system. The rental trend should follow the general trend in the locality.

COOPERATIVE APARTMENTS

The most common form of ownership of an apartment in an apartment building is a cooperative apartment. There are around 990,000 cooperative apartments granted in Sweden. The apartment is granted as a cooperative apartment to a member of the co-op. It is the co-op that owns the property and members own a share in the co-op. This share gives a right to use a certain apartment in the co-op’s building. The owner is responsible for internal maintenance of the apartment while the co-op is responsible for essentially all other property maintenance.

Monthly fee

The cooperative apartment owner pays a regular fee to the co-op. The monthly fee for a cooperative apartment also includes interest for the apartment’s share of the co-op’s loans aside from the share of external management and maintenance costs.

Sale

The cooperative apartment can be pledged and is deemed, like property, to generally constitute a very good form of security. The cooperative apartment can be freely sold whereupon the new owner must apply for membership of the co-op.

Properties may be built as cooperative apartment properties, or a rental apartment property may be purchased by a co-op formed by tenants and converted into a cooperative apartment property.

CONDOMINIUM

Those who wanted to own their apartment were previously directed to buy their own property, in other words, land with pertaining house, e.g. a house or a terraced house.

Since 2009, an apartment in an apartment building in Sweden can constitute a separate property. Such an apartment is called a condominium. You apply for registration of title, pledge, mortgage and sell it in the same way as other properties. Loans secured on a property are generally deemed to constitute a very good form of security.

To be allowed to establish condominiums, it is required that the apartment is in a unit where at least three condominiums can be established and the space for the apartment has not been used for housing in the past eight years.