

May 8, 2008

## Scandinavian real estate investment in Germany continues at brisk pace

**According to Thomas Kaiser-Stockmann, Nordics in 2007 invested a total of EUR 4bn in German real estate. This accounts for some 10% of all property investments in Germany last year**

While Danish investors seem to have been earliest in this trend, Norwegian and Swedish institutional investors have also been more and more active.

Objects of investments are not only housing portfolios, but also office buildings, shopping malls and retailing, industrial sites as well as speciality properties like hotels and nursing homes. Institutional investors often have a clear geographical or segment focus. So the Stockholm based Kungsleden AB has since 2005 acquired a portfolio of nursing homes throughout the German regions. From a Danish perspective there are also a lot of high net worth individuals that invest in social housing. For them multi-family houses in Berlin are often core.

The reason for the Scandinavian interest in German properties is still firstly the price. Despite recent increases, prices are still attractive compared to Scandinavia. Berlin compared to other metropolises is more attractive, because of its price level combined with the culture and the attraction of a capital at the same time.



Dr Kaiser-Stockmann

In subprime crises times cash is king. Scandinavian investors often have excess liquidity or access to adequate financing. The trend is helped by growing transparency of the German real estate market. With the introduction of the electronic land register, processing times have started to become shorter. Equally, correspondence between notary public offices and commercial registers are meanwhile performed electronically.

Danish investors often follow the idea to split up houses into flat ownership. Unlike e.g. Sweden their residential property laws are very similar to the German *Wohnungseigentumsgesetz*.

The present opting out of some purely opportunistic foreign property investors in Germany for Nordics creates also opportunities to come into the market. Against this background it remains to be seen whether the Nordic property investment in 2008 can hold the level created in recent years.

Dr Kaiser-Stockmann is a property partner at **Mannheimer Swartling**, the leading Nordic law firm, with offices in Stockholm, Gothenburg, Malmö, Helsingborg, New York, Frankfurt, Berlin, St. Petersburg, Moscow, Brussels, Shanghai and Hong Kong. In 2007 the firm's property group advised on real estate transactions with a total value exceeding EUR 8bn, out of which EUR 1bn accounted for some 50 property projects in Germany.

### Company profile Mannheimer Swartling