



### NEW THIS WEEK

Dun Laoghaire home for €995,000



### COMMERCIAL

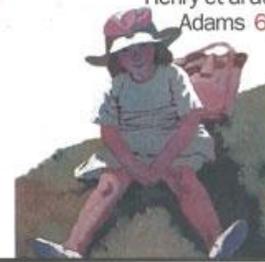
Swedes' steady approach sees results 8

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THE SUNDAY BUSINESS POST

# PROPERTY



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15<sup>th</sup> September 2013 by Diarmaid Condon

**Ireland has a lot more in common with Sweden than most may realise, particularly when it comes to property. In the late 1980's, Sweden endured a major credit driven boom and in the early 1990's a consequent bust. In 1992, the government guaranteed all bank deposits and creditors of the nations 114 banks.**

Asset management companies took on the problematic loans, eventually selling off shares at a profit to the state.

It sounds very familiar, apart from the last part, of course. It is essentially what the Irish government has sought to do, but in the early 1990's the world economy outside Sweden was robust. It is not in particularly rude health today.

Sweden was able to sell its debt profitably. The Irish government is struggling with this part of the jigsaw.

In the wake of the crisis, Sweden totally revamped its banking sector to ensure that such a scenario would never occur again.

The result is that Sweden is still a remarkably stable market that has survived the worldwide financial crisis in better health than practically any other in Europe.

Someone who spotted the potential of the Swedish market before the Irish boom became a bust were Swirish directors Sam Roch-Perks and his Swedish wife, Petra.

They formed the company in 2005 to take advantage of property investment assets offering a sustainable Internal Rate of Return (IRR) which they felt were not available in Ireland.

This figure, which calculates the rate of growth a project is expected to generate over a specified time frame, allows investments with differing components to be compared like for like.

Swirish has maintained a focus on medium to long term property investments at values of between €2 million and €18 million.

Acquisitions have been across all property sectors – residential, retail, office, industrial and a large development project outside Karlstad. It has also recently sold a number of prior acquisitions, crystallising significant gains for the investors involved.

In 2011, the company achieved outline planning for 1,600 residential units and 12,000 square metres of additional industrial space in Karlstad.

Sweden lacks sufficient residential property and demand for industrial space remains strong so the portfolio's value has been increased dramatically.

As the company grew, it teamed up with experienced property manager Des Quigley, as well as operating two Swedish management offices in Trollhättan and Karlstad.

Quigley said there were two aspects to the company's success. "We've concentrated on western Sweden, because prices are too high around Stockholm and we've been very proactive in managing portfolios," he said.

"There is a Swirish director in Sweden sourcing product and monitoring management issues every second week of the year."

Swedish banks will finance up to 65 per cent LTV and a further attraction is interest rates starting from 4.25 per cent.

The strength of the Swedish krona has also been an attraction for euro buyers looking to hedge exposure.

### **Investment Example**

Among the currently available opportunities in Sweden is a 8,344 sqm industrial building built by a Swedish state agency to very high standards and in excellent condition. The property is available on a ten-year sale and leaseback to a substantial Swedish printing company expanding across Europe.



The acquisition price is SEK 33.8 million (€3.9 million) with assumed non-recourse debt from tenant's bankers and tenant of SEK 21.8 million (€2.5 million) and equity requirement of SEK 12 million (€1.4 million).

*Handelsbanken, Vanersborg: a 13.5 per cent IRR over 6 years*

The expected internal rate of return is about 12.4 per cent over a six-year period allowing for a selling yield of 10 per cent and interest costs over the period of 4.5 per cent. Swirish will conduct a number of investor meetings countrywide over the coming weeks starting in Dublin.

For further information, call 042-9378877 or visit [swirish.com](http://swirish.com).

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