

Market and trends

Öresund region strengthens its position

As a connecting link, the Öresund Bridge has helped overcome boundaries and provided the conditions for integration between South Sweden and eastern Denmark in many different ways in more than 20 years of its existence. The Øresundsindex (November 2023), produced by Øresundsinstittet on behalf of the Øresundsbro Konsortiet indicates that the number of passenger trips across the Øresund is growing and setting new records.

The geographical location of the Öresund region lends itself to being a logistical hub for transport to and from the Scandinavian countries – a position will be further strengthened when the Fehmarn Belt tunnel between Germany and Denmark is completed in 2029. The tunnel paves the way for a competitive major region with some 9 million inhabitants. Travel and transportation times will be sharply reduced, and positive effects are expected in terms of integration, growth, job opportunities, tourism, research and culture.

Attracts competence

Around 4.2 million people live in the Öresund region, making it the Nordic region's largest and most densely populated metropolitan region. Being such a metropolitan area, the Öresund region attracts young and highly educated people who benefit the many knowledge-intensive companies for whom skills are vital. There are 13 universities, branch campuses and Swedish higher education institutions in the Öresund region with over 145,000 students. With the inclusion of Danish higher education institutions and vocational colleges, this number rises to 19 institutions with 187,000 students.

Larger local labour markets boost flexibility which benefits companies and citizens. There is a great shortage of labour in Denmark, both in the public and in the private sectors, and Swedes are in demand in the labour market.

One crucial factor in terms of attracting and producing skills is high-level research. The Öresund region has world-class research institutions in the areas of technology and life sciences, of which two prominent examples are MAX IV and the future European Spallation Source (ESS), with its facility in Lund and data centre in Copenhagen.

Danish investments in life sciences in the next few years will amount to DKK 80 billion, which is equivalent to SEK 120 billion.

Infrastructure expansion

One shared infrastructure is a basic prerequisite for one region. When commuting and goods transportation run smoothly, the conditions are created for functioning integration. In Copenhagen, the extension of the Greater Copenhagen Light Rail that will connect the city to the surrounding municipalities will continue until 2025. Copenhagen also offers the Nordic region's largest airport, Copenhagen Airport, which will have capacity for 40 million passengers per year once its ongoing extension is finished. According to a report from Greater Copenhagen, Copenhagen Airport generates socio-economic benefits equivalent to SEK 114.8 billion, of which SEK 97 billion ends up in Eastern Denmark and SEK 18 billion in Skåne and Halland.

The potential for more fixed Öresund connections is being investigated in order to meet the increasing volumes of traffic and to avoid bottlenecks, specifically an Öresund metro line between Malmö and Copenhagen and a fixed connection for cars and passenger trains between Helsingborg and Helsingør.

These investments will contribute to the continued development of the region by way of shorter travel times that create new opportunities for commuting, studying and working, as well as enabling more goods transportation by rail, thus promoting sustainable transport.

Collaboration to leverage the potential

Various operators with an interest in the Öresund region are actively collaborating. This principally involves local operators, but national-level operators are also having an influence on the development of the region, such as the Nordic Council, the Nordic Council of Ministers and the Freedom of Movement Council. The Greater Copenhagen Committee consists of 85 municipalities and four regions, and is a political collaborative body that promotes a sustainable and integrated Öresund region.

There are also a number of network organisations that want to contribute to developing the Öresund region's full potential. Examples include Øresundsinstittet, String, Øresundmetro Executive, Medicon Valley Alliance and the Centre for Öresund Region Studies.

The Denmark-Sweden tax treaty, border obstacles and fixed connections are three examples of current issues that are being discussed, investigated and negotiated in the Öresund Collaboration.



3 hrs

train journey in 2029 between Malmö and Hamburg via the Fehmarn Belt connection



26%

Sweden's and Denmark's combined GDP is generated in the Öresund region



4.2

million inhabitants in the Öresund region



18,000

daily commuters over the Öresund Bridge

The lettings and property transaction markets in 2023

Just as 2022, 2023 was a turbulent year with continued geopolitical turmoil. Inflation peaked at the end of 2022 and has since been falling. Sharp interest-rate hikes during the year were eventually replaced by expectations of interest-rate cuts, which was reflected in falling long-term interest rates. According to the Swedish National Institute of Economic Research, the Swedish economy is in a recession that is expected to worsen in 2024. High inflation and higher interest rates primarily affect interest-sensitive households and housing construction. GDP growth for Sweden's most important trading partners is expected to remain weak in 2024, and an upturn in growth is not expected until 2025.

In its economic outlook report, Handelsbanken predicts that the Swedish economy will experience a soft landing and that GDP growth will remain unchanged in 2024 (+0.1 percent) but that it will start gaining momentum in 2025 and 2026 (+2.4 and +2.5 percent, respectively). The labour market has cooled but is expected to pick up again in 2025 when interest rates go down and fiscal policy is expected to become expansive. One downside risk is rising freight costs. Handelsbanken predicts a continued rise in unemployment in 2024, which is clear in the statistics from Arbetsförmedlingen (Sweden's public employment agency), where the number of unemployed individuals in Skåne increased from 8.7 percent in October to 9.0 percent in December. The increase was higher in Malmö and Helsingborg, while lower in Lund.

In the Sif/Swedbank Purchasing Managers' Index (PMI), the services sector indicator rose to 51.8 points in January 2024, the highest level since July 2023. This points to some improvement in the sector, although orders remain weak. For industry, the index fell to 47.1 points, although it is on an upward trend from previously low levels.

According to Statistics Denmark, the annual rate of inflation was only 0.7 percent in December, and core inflation was 2.6 percent. SEB states in its most recent report that Denmark is more resilient than Sweden. Denmark is expected to experience rising GDP growth of 1.5 percent for 2024 and 3.0 percent for 2025.

Lettings market

In SEPREF's (the Swedish Property Research Forum) consensus forecast for the fourth quarter of 2023, the prime rent in Malmö increased SEK 75/m² from the previous quarter, to SEK 3,175/m². The yield requirement for prime locations has increased from 4.6 percent in the previous quarter to 4.75 percent in the fourth. The majority consensus is that yield requirements will continue to rise in the coming year, while rents will remain unchanged. Research from Citymark shows that the share of employees in office-intensive industries in Malmö increased 2.4 percent for the first three quarters of 2023. This growth is comparable with Gothenburg, and approximately one percentage point stronger than in Stockholm.

According to the premises brokering portal Ejendomstorvet, office rent in the Greater Copenhagen area posted an average of DKK 1,264/m², which is up 10 percent from beginning of the year, and a vacancy rate that fell from 5.8 percent at the beginning of the year to 4.9 percent. Colliers reports rents of DKK 1,250/m² in the same areas and a dividend yield of 5.25 percent, up from 5.13 percent, for the third quarter.

The property market

According to Colliers, the Swedish real estate market amounted to SEK 88 billion in 2023, which is a decline of 57% compared with the preceding year. One of the few transactions in the Skåne market was PEAB's sale of the office property "the Corner" in Hyllie, for SEK 420 million (SEK 56,500/m²). In Denmark, the volume for 2023 amounted to DKK 38 billion, a decrease from DKK 86 billion in 2022. In November, AP Ejendomme acquired two office properties from Corem for approximately DKK 2.5 billion and, in December, the pension company Pensam acquired 26,000 m² of office space at Islands Brygge from ALFA Development.

Source: Colliers, Newsec, Citymark, SEPREF

“New, attractive premises ready”

Martin Sääf, Head of Analysis and Transactions at Wihlborgs, comments on the lettings and property transaction markets in 2023 and beyond.

How was the transaction market in 2023 and what will it look like in 2024?

“We had sharp rises in interest rates that came down towards the end of the year, but with significant inflationary concerns prevailing, nevertheless. The uncertainties have reduced liquidity in the property transaction market considerably. Buyers and sellers are still quite far apart in most transactions, but I think this will change when the interest-rate market gains some clarity. Otherwise, the most important thing for us are local trends in the lettings market, where we have experienced solid rental growth during the year and stable vacancy rates. This provides some security when we are in a recession.”



How did Wihlborgs investment strategy turn out in 2023?

“Wihlborgs' business is firmly based on three pillars: management of existing properties, projects and transactions – with the former always being the most important. We carefully consider where we invest each and every penny. In 2023, we prioritised investments in existing properties and the launching of several major projects. We are continuing to invest heavily in projects, so that we have new, attractive premises ready when the economy recovers, hopefully as soon as late 2024 or early 2025.”

What is Wihlborgs' approach to acquisitions?

“We acquire properties in line with our strategy to establish property clusters in attractive areas, and where we have the opportunity to contribute something to the property. It's super exciting to watch our ideas become a reality as we fully leverage our knowledge to, for example, create savings in our operations, form a professional project department and generate investment capacity, and it helps to be familiar with the changing needs of tenants that require new premises. Our great strength lies specifically in our cluster profile and the fact that we have knowledgeable staff in-house.”



Anna Möller, Director of Urban Planning in Helsingborg, Hans Juhlin, Director of Urban Development in Lund and Vesna Vasiljkovic, Head of Planning & Strategy for Malmö, see great value in cities complementing each other and working together in both large and small ways.

Three strong cities with shared visions

Brave Helsingborg, innovation-dense Lund and creative Malmö. When Wihlborgs talks to urban development professionals from these three cities, it is clear that the uniqueness of the cities and their proximity to each other collectively form the region's distinctive character. Perhaps it is time for a new, major joint project?

Three cities of different characters, short commuting times and proximity to the continent. Anna Möller, Director of Urban Planning in Helsingborg, Hans Juhlin, Director of Urban Development in Lund and Vesna Vasiljkovic, Head of Planning & Strategy for Malmö, share the same view of what makes the region so special.

"Here, members of the same family can work in various locations while enjoying an amazing quality of life. The region provides access to a large labour market, and a lot of choice in terms of where to live," Anna Möller explains.

The City of Helsingborg sets a good example with its own satellite office in Malmö and opportunities for neighbouring municipalities to work from Helsingborg.

Vesna Vasiljkovic, who represents a city with 186 different nationalities, considers the variety in the backgrounds of Skåne residents to be a great asset.

"With its international research environments, cultural production and diverse population, our region truly has global ties. Just think of how all these people have networks around the world, about what potential that brings," Vesna Vasiljkovic explains.

Complementing each other

A certain amount of competition between cities can be healthy to challenge oneself and others, but it is by complementing each other and working together in both large and small ways that a successful whole can be created. Anna Möller, Hans Juhlin and Vesna Vasiljkovic are in full agreement on this point.

"I think we could afford to leverage our different characters even more, so that we don't become too similar, but focus instead on growing in different areas and strengthening our identities," Hans Juhlin explains.

"The exchange between cities is important, particularly to achieve the goal of climate neutrality," Anna Möller adds.

"Although we have chosen somewhat different paths, we have the same goal. We already have frequent discussions about methods and choices, but we can further improve by setting the same sets of requirements when constructing new buildings, we can inspire each other when it comes to refurbishing older neighbourhoods, etc."

"In this regard, we can also help to drive legislation that is to our benefit, in order to simplify and facilitate innovative and leading-edge community building," Hans Juhlin adds.

Shared needs

For the three cities to be able to offer the opportunity to live in one place while working in another requires solid infrastructure – another shared and pressing issue.

"We realise how important this is every day, as our own employees are commuting from different locations," Hans Juhlin says.

“Mobility, both between and within cities, is crucial to a well-functioning labour market,” Vesna Vasiljkovic explains.

“Unfortunately, it takes a very long time for major projects to make their way into national-level plans and this is followed by a long planning period. We are entirely dependent on the projects coming to fruition, but they come with tough time horizons, and we will be stronger together,” Anna Möller adds.

The goals of attracting more businesses, more growing companies, have more people at work and a nurturing more innovative region are very much the same for the three cities. The trio of urban planning colleagues cites investments in the ESS and MAX IV research facilities as good examples of the three cities mobilising together.

“These investments have had a positive impact on growth and attractiveness for each of our cities,” Vesna Vasiljkovic says.

They agree that it may be time to start planning for the next major project, relating their ideas to major ongoing industrial ventures in northern Sweden.

Urban planning as challenger and social glue

How a city is built is highly significant to its attractiveness and cohesion.

“You have to think in terms of locations from the onset, and focus on creating good content so that businesses and people really want to spend time there. This is particularly about the social elements, about having space for sports and culture. In order to achieve innovation and new thinking, one must dare to take the lead in some city districts, to walk an untrodden path,” Anna Möller adds.

“We want to create diverse, inviting environments with many different functions that combine to create a rich urban experience. Businesses are important and we need to create space in our cities for advanced innovation and creative industries, as well as for small businesses,” Vesna Vasiljkovic says.

“When we talk about densification, we are not just talking about creating an attractive city centre, but also about continuing to develop the Million Programme areas, business districts and not least, our smaller communities. Densification is very

much about refining and healing already developed environments. It is a way of managing growth sustainably. When we build new neighbourhoods, they must be areas that are pleasant to be in and stand out from the crowd. Content and a mixture of function is important,” Hans Juhlin concludes.

Vesna Vasiljkovic (Malmö) on

- **Helsingborg:** “A very brave city with a distinct entrepreneurial spirit. H22 is a good example of this.”
- **Lund:** “The strong academic base is unique, and the concentration of innovation is hard to beat, even from an international perspective. I think Domkyrkoforum is a really cool aspect of densification.”

Anna Möller (Helsingborg) on

- **Malmö:** “An inspiring city with a wonderful cultural diversity that, together with Copenhagen, attracts large companies to the region. A big city in a small package.”
- **Lund:** “An important academic stronghold for the entire region that makes the region interesting for research and development at the highest level.”

Hans Juhlin (Lund) on

- **Helsingborg:** “A city with distinctive architecture, an attractive urban and residential environment, and good transport links. Lives up to its name, ‘Pearl of the Sound.’”
- **Malmö:** “A big city that attracts many young people, thanks to its wide offering of jobs and culture.”



Andreas Ivarsson, Director of Projects & Development at Wihlborgs (centre) discussing the role of urban planning in Skåne’s three largest cities.

Science Village – a world-leading research cluster

“In the Science Village in Lund, the two largest research facilities in Sweden are joined by a growing number of stakeholders from business, research and academia. If handled correctly, this development could have a greater impact on the region than the Öresund Bridge,” Christian Lindfors, CEO of Science Village.

For years, the MAX IV laboratory and European Spallation Source (ESS), both world leading with their powerful technology, were quite alone at Brunshög in northern Lund. Several companies have now moved there, and interest remains high, particularly from companies with a focus on materials research. Together with the gradual establishment of Lund University, Science Village is on the way to becoming a true hub for research, education and innovation.

“We will have many great horizontal links between the research facilities and companies here, from the perspective of materials research. The production of medicine, new food proteins and semiconductors are also key business areas that stand out,” says Christian Lindfors about the area’s profile.

In Science Village, Wihlborgs has built Space (Kunskapen 1), and is planning another innovation and office building, Spektra (Vetskapen 1). In addition, Wihlborgs has an option for a further 12,000 m² of GFA in the area.

The next major research infrastructure in the area will be the Nanolab Science Village, a research facility for the production of micro- and nanocomponents. It will be a kind of “atomic classroom” with unique opportunities for research and collaboration with industry, with the aim of improving human life and climate conditions by means of nanotechnology.

In the next two years development rights equivalent to 120,000 m² will be released to the market. In total, the area will offer 400,000 m² for various types of establishments.

A new city district with unique value

Science Village is increasingly taking the form of a city district – with the tramline running frequently between the area and the central parts of Lund, recreational areas, “science lounges” where visitors can get some insight into ongoing activities, squares and cafés with outdoor service, as well as opportunities to organise major events.

According to Christian Lindfors, the context of Science Village’s location provides the area with a boost in terms of international competition.

“We are located close to the city, have good transport links with 3.7 million inhabitants within an hour’s journey, the coast and nature, and proximity to airports. Quality of life is a major factor in establishing science hubs, and when we factor in all of the pieces of the puzzle together, I would say that we have stronger key figures than most other alternatives. The high density and diversity choices in the region is really special, and also means that what happens here will have clear spill-over effects on other nearby cities.”

Christian Lindfors highlights the pandemic as being an eye-opener that it is difficult to conduct development work remotely. This has impacted demand in Science Village.

“We need capacity and the possibility of implementation at one and the same place. Many people want both offices and labs, as well as proximity to other similar activities, and a context that attracts employees. We are constantly working to safeguard and develop this flexibility.”



Christian Lindfors, CEO of Science Village, in front of Space (Kunskapen 1).

The Human-centric workplace

“Everyone has different needs – needs that vary from individual to individual, and in the course of a working day. To feel good and perform at our best, we need spaces for collaboration and social interaction, as well as for recuperation and concentration – elements that are easily forgotten when designing workplaces,” says Anna Nambord, workplace advisor at Wihlborgs.

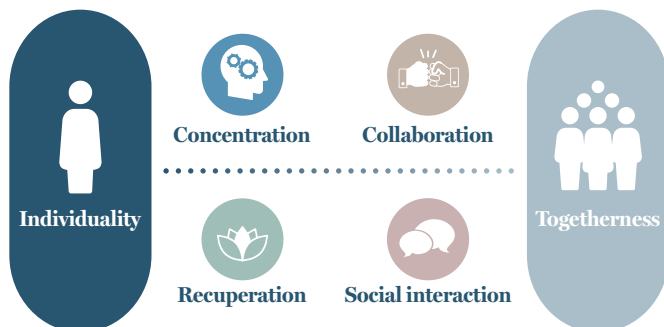
Opinions about and expectations of the workplace have changed considerably in recent years. Flexibility, with the opportunity to work from several locations, is a clear expectation among office employees today. At the same time, most people also want a sense of context and personal contact with their colleagues.

“To balance this paradox, we need to transition to having more varied and creative environments,” Anna Nambord explains.

She also sees a risk of oversimplifying the role of the office and focusing predominantly on the social context – it is more complex than that.

“You shouldn’t have to work from home to be able to concentrate, and not everyone has the opportunity to do that. When designing an office, we can promote inclusivity by designing environments based on human needs, which vary according to role, personality and mood.”

Anna Nambord often refers to a simple model that employers can check against, after reviewing the basic functions:



Collaboration

“Ensure that you have places in the office where people can work together. Preferably, rooms that can be rearranged and adapted to different events or training sessions, and supplemented by several smaller rooms for spontaneous meetings. It is important to equip the rooms with good digital equipment for high-quality hybrid meetings. Think in terms of varied furniture, not just traditional long tables.”

Social interaction

“Planning for natural flows in the office environment, will allow for colleagues to bump into each other spontaneously, so-called



Anna Nambord, workplace advisor at Wihlborgs.

‘happy accidents.’” Do not be afraid to create passages where people move about frequently. It is just as important to have space for planned social gatherings, perhaps a sofa group or a café area where people can conduct office meetings, Ted talks or have an after-work get-together.”

Concentration

“Smaller office spaces that designed for one or a few people are a good solution for those who want a quiet corner to work or take a phone call. It is particularly important to have sound-proofing and good lighting in these focus rooms, as well as really good ergonomics.”

Recuperation

“Recuperation in the course of a workday is incredibly important for performance, and this can be different from person to person. For some, it is about social relationships and laughter. For others, it is about being able to sit and do puzzles for a while. Greenery and daylight also have an impact on our well-being.”

For the third time since 2020, Wihlborgs has produced a report on the attitudes of employees and employers to the workplace. The data consists of 5,500 social media posts from private individuals, 2.1 million searches and 5,300 social media posts from the 50 largest companies. The report shows that the role of the office is becoming increasingly multifaceted, and that offices must be upgraded to meet the needs of employees – particularly in terms of environments where employees can concentrate on their work or recharge their batteries. The report, For everyone’s best, (Sw: “För allas bästa”) is available for download via the QR code.





MAX IV in Lund