KTH Architecture and the Built Environment

KTH Architecture and the Built Environment

Department of Real Estate and Construction Management

Thesis No: 188

Investing in commercial real estate

- An analysis of the purchasing power in Stockholm's retail areas

Author:
Susanna Vass

Supervisor: Björn Berggren

Stockholm 2012

Master of science thesis

Title	Investing in commercial real estate – An analysis of the purchasing power of Stockholm´s retail areas
Author	Susanna Vass
Department	Department of Real Estate and Construction Management
Thesis number	188
Supervisor	Björn Berggren

Abstract

The interest in investing in commercial real estate has increased in recent years and as a result the need for making well informed investment decisions has increased as well. Investing in real estate is different from investing in other asset classes due to its longevity, spatial constraint, regulatory framework etc. and thus investing in commercial real estate requires knowledge of the specific attributes of the property itself as well as in the factors in the surrounding area that affect the property. Thus, the purpose of this thesis is to enlighten the reader of the various investment issues that arise when investing in commercial property and to give an account of how the investment decision is actually performed and what factors affect it.

The research on how commercial real estate investments are made is firstly provided through a literature review that highlights several investment issues and illustrates of how investment decisions are made by conducting the market analysis. In the next section of the thesis, a practical market analysis follows conducted on the retail area of Stockholm that is based on the findings and suggested procedures in the literature review. The market analysis is designed to incorporate a qualitative research where the data is gathered and calculated and a quantitative research where the data compiled in the quantitative research is analyzed and interpreted.

The analysis of the market analysis shows that there is a vast amount of data available to consider when executing the market analysis and that these data have to be carefully selected in the screening of the real estate market. It is vital to include only relevant factors that affect the demand for the specific property, and consequently the ability of the property to generate payoff, in order to for the market analysis to provide insightful and important guidance for the investment decision at hand. Even though the research in this study provide important implications for investor on which demand factors that are important in a market analysis, the study is still limited by the inaccessibility to property specific demand factors such as rental contracts and repair and maintenance costs, which results in a suggestion of further research in this field in particular.

Acknowledgements

Firstly, I would like to thank the Department of Real Estate and Construction Management at The Royal Institute of Technology (KTH) for providing me with a rigorous education and invaluable knowledge through the years that has lead me to being able to conduct this master thesis. All the lectures and seminar have provided me with insightful knowledge of the real estate sector and equipped me tools very much desirable in the employment market of real estate.

I am very grateful to my thesis supervisor, Björn Berggren, who has guided me through the process and provided me with valuable support and encouragement. With his knowledge and comments guiding me in the right direction, I have been enabled to perform the thesis in a more cohesive and solid manner.

I would also like to express my gratitude to Eva Jonsson at Centrumutveckling for kindly lending me Köpcentrumkatalogen 08/09 for the thesis. Their material has been the cornerstone in this thesis and without it I would not have been able to construct the market analysis.

Lastly, I would also like to thank my loved ones for their support and encouragement throughout my years at KTH.

Stockholm, May 2012

Susanna Vass

Table of contents

1.Introduction

1.1 Background

1.1.1 The need for improved research prior to investing in real estate

In recent years, the real estate market has gained more interest from investor seeking investment opportunities that offer a risk and payoff that lies between the more risky and the less risky investment segments (Jones Lang Lasalle, 2011 ; Geltner and Miller, 2007). Real estate has gone from being viewed as merely a space provider to being seen as a strategic resource as a result of increased global competition and IT technology and made up about 10 – 30 percent of major European and American corporations total assets in the years between 1993 to 2001 (Ali, McGreal, Adair & Webb, 2008). The retail property market offers a wide range of investment objects, ranging from smaller retail centers to large retail complexes. The retail property market is also made up of different types of retail centers, from small neighborhood shopping centers to big outlet shopping centers. Whatever retail center the investor is interested in, the base for the payoff of all commercial real estate investments is its tenants and thus the purchasing power these are able to attract.

Thus, investing in retail property requires a wide base of knowledge that involves knowledge in the regional economy and all the locational factors that has effect on the property as well the retail specific characteristics. Thus, there are many aspects to consider when investing in retail properties, especially when considering how the retail property market is different than other investment segments.

However, investment issues have arisen due to the increasing allocation to real estate in investment portfolios as there seems to be an increasing demand for more strategic and detailed analysis of real estate when making investment decisions. Lindholm & Leväinen (2006) argue that there exists a mismatch between firm´s real estate strategy and its corporate strategy, which results in weaker real estate decisions. The authors call for a more strategic planning within corporate real estate. Colavolpe (2010) further argues that understanding the retail tenants in corporate real estate activities is of utmost importance as much time and resources are being spent on evaluating potential investments. According to Colavolpe (2010), the retail tenants might differ in size, management, sales, their exposure to consumer trends and in their positions on their market and positions towards their competitors.

With the rising of these investment issues, the need for a solid and well-informed groundwork prior to investing in retail properties is, according to many of the authors above, vital for a good

investment decision. The investor needs to be able to determine which factors that affect the demand for the retail property and to be able to develop a systematic method for evaluating them.

1.2 Problem definition

1.2.1 Aim and purpose

Based on the findings above on the investment issues connected to real estate by Lindholm & Leväinen (2006) and Colavolpe (2010), there exists an increasing demand, from both domestic and foreign real estate investors, for more strategic and thorough market analysis in real estate investment research and decisions. The main focus of this paper is thus to evaluate the form of the market analysis that is performed prior to investing in retail properties, both in theoretically and practically. The objective is to relate the practical market analysis of Stockholm´s retail areas to the theory on how to perform the market analysis.

Thus, the paper addresses these investment issues and its aim and purpose can thus be formulated as:

1) Providing a literature overview of how investment decisions are made and what demand factors goes into them in order to build a solid ground before performing a market analysis and in order to set the course for which demand factors in the real estate data that are the most important to consider in the analysis.

2) Providing a practical market analysis of the retail area in Stockholm, on both retail center basis and municipality basis, with the aim to highlight that the need for a more refined and thorough investment analysis is dependent on a solid qualitative analysis combines with a qualitative analysis of the qualitative data. The purpose of this is to

The second aim and purpose relates to that I believe that the issues relating to investing in retail properties stem from the vast amount of information available for the market analysis as it needs to be compiled and presented in an understandable, meaningful and relevant way, which can be easier said than done even for experienced investors. Even for established property owners, some commercial real estate retail markets might be more unknown and inexperienced depending on what type of real estate these firms own (housing, office, industry etc.). Some of these fundamental investment issues might be a lack of knowledge and experience or lack of time and resources when performing market analysis for commercial property in excess of one's daily job. Questions arise on what type of retail commercial real estate to invest in, in which locations and segments to invest in, which type of tenant base to invest in, what kind of purchasing power to rely on as the source for the income generation of the property (households, firms etc.). Analyzing the vast amount of

information available and presenting it in a cohesive and relevant manner, may be challenging and time consuming.

1.2.2 The limitations of the problem definition

This paper does not aim at providing a financial investment base for retail properties and will not address the actual valuation of retail properties. It is not a valuation of retail property as it merely aims at providing the reader in more detail on what the ingoing data in a market analysis of the demand might consist of. This data can at a later stage be used in the investment process when the the actual valuation process takes place and the investor evaluates how these data on the demand affects the retail property of investment interest.

1.2.3 Research motivation and research question

By demonstrating how the market analysis is claimed to be performed in the literature and by concretizing the theoretical framework on investment decisions, the aim is to provide the reader with a deepened insight on how to appraise and estimate the purchasing power, which in my opinion, is the most important key feature when evaluating investment decisions. More specifically, the aim with concretizing a market analysis is so that , the material in this paper can serve as a valuable input for investors interested in retail objects in the Stockholm area.

The reason for choosing to perform a market analysis of my own is because I believe that there is room for and need for such a study in the academic environment since the market analysis performed by consultancy firms many times are confidential and not available to the public.

Having accounted for the aim and purpose with the research as well as the motive behind it, the paper will from this point be lead on by the following research questions:

- What types of investment issues arise when investing in commercial properties and how do these affect the market analysis performed prior to the investments?

- How is the market analysis performed in theory and what are the most important demand factors in the immense amount of real estate data to consider when conducting it?

- To what extent do these ingoing demand factors theoretically considered important in the market analysis by the authors fit with the actual results obtained in the market analysis? That is, does the demand factors deemed important by the authors in the theory seem equally important for retail success in the market analysis?

These research questions will be achieved by firstly reviewing the literature on the construction of the market analysis, and by secondly mapping and unraveling the retail market in Stockholm County by breaking down and analyzing the vast amount of information available for commercial real estate

investors. By identifying and mapping the strongest and weakest commercial retail centers in the county and the strongest and weakest municipalities with respect to retail the purchasing power and consumption patterns connected to each retail center and municipality can be established.

The result will provide an outlook of the present and future purchasing power connected to the strongest retail municipalities. The analysis of the retail market in Stockholm aims at providing some practical and tangible insights to potential investors and is to serve as groundwork when evaluating investment decisions of retail properties.

1.3 Outline

After the introduction in the first chapter, the second chapter follows which contains a literature review on investing in commercial real estate. The third chapter covers the methodology. In the fourth chapter the market analysis is found and in the fifth chapter the analysis of the findings in the market analysis is discussed. Finally, the last chapter contains my conclusions and a short summary.

2. Literature on investing in commercial real estate

The literature on how real estate investment decisions are made and on what goes into the decisions is rather thin since the actual market analysis in various consultancy firms provided in connection real estate transactions are confidential and thus not available to researchers outside the consultancy firms. However, much of the information that goes into the market analysis is available for the public to perform their own market analysis. This paper will give an account of the existing literature on investing in commercial real estate and will explore the various ways to invest in real estate, the investment issues that might arise and present a framework for performing a market analysis of the retail sector.

2.1 The special characteristics of real estate as an investment object

The real estate market is distinctive to invest in as it is part of a large international structure of financial markets all interacting with each other, such as the world economy, the national and regional economies and the building sector to mention a few. Thus, the decision to invest in the commercial real estate market is highly sensitive to the factors within these markets, such as the development of GDP, changes in purchasing power of both households and real estate investors, the interest rates in national and foreign financial institutions. Furthermore, real estate is distinguished from other assets classes by its special fundamentals of its´ underlying asset, as compared to other asset classes, such as its longevity, fixed and specific location and the strong regulations connected to real estate (Geltner & Miller, 2007 ; Instutitionen för värdering av fastigheter och Samfundet för fastighetsekonomi, 2008).

More specifically, real estate distinguishes itself as an investment object from other asset classes with respect to payoff and risk as real estate offers an investment alternative that lies in between the risk and payoff characteristics of more volatile and potentially high-yielding stocks and less volatile and lower yielding bonds (Geltner and Miller, 2007). More and more investors are realizing the benefits of having real estate in their portfolio. Besides pure real estate companies, other actors have recently entered the retail property market, such as foreign investors, institutional investors (pension funds, insurance funds etc.) and firms that merely invest, manage and sell income-producing properties (REITs).

2.2 Increased interest in investing in Swedish retail properties

There has been a steady increase in the interest to invest in Swedish retail properties from both domestic as well as foreign investors. According to Jones Lang Lasalle´s report from the autumn of 2011 on the Swedish retail market, the Swedish retail sales growth is strong in comparison to other Western European countries even though it has declined somewhat due to the recent financial crisis. The transaction volumes for retail in Sweden have increased drastically since the recession in 2009. At the same time, the retail mix has become more and more international and has thus increased competition among the retail centers in Sweden.

As of the autumn of 2011, Jones Lang Lasalle concludes that Swedish property companies and institutional investors own the majority of retail in Stockholm, with an increasing number of international retail property investors entering the commercial real estate market. At the same time, Jones Lang Lasalle concludes in their Nordic City Report 2011, that the extended allocation of real estate in portfolios of investors, whose core competence is not real estate, such as foreign investor and foreign REITs, has increased the transaction volumes.

Thus, being able to perform a proper market analysis prior to retail property investments becomes even more significant as the interest in investing in Swedish retail properties increases.

But before going more deeply into the methods for investing in retail property and the ingoing parameters in a market analysis of retail, a description of the various forms of retail property to invest in will be accounted for.

2.3 The various forms of retail properties

2.3.1 Types of retail properties to invest in

There are many forms of retail properties serving consumers in various community areas, from large metropolitan areas to smaller communities (Ling & Archer, 2008). For Swedish retail centers Centrumutveckling (2009) uses the following classification of retail investment types:

- *Residential shopping center (bostadsområdescentrum):*
  The residential shopping center provides non-durables, such as grocery stores, (dagligvaror) combined with personal services, such as banks, barbershops, shoemakers etc., to satisfy the daily needs of the nearby households in the residential area. The grocery store is mainly the main anchor tenant in the residential shopping center.

- *Community shopping center (kommuncentrum):*
  The community shopping center offers, in addition of the stores in the residential shopping center, a variety of durables (sällanköpsvaror) such as electronics, furniture etc. The anchor tenants are usually two major grocery stores and the non-anchor tenants are national chain stores, restaurants and cafes and banks and insurance companies.

- *Neighborhood shopping center (stadsdelscentrum):*
  In the largest cities of Sweden (Stockholm, Gothenburg and Malmö) there exist community shopping centers serving certain districts or neighborhoods in the city. The sheer size of the trade area facilitates large gross leasable areas for the neighborhood shopping centers and wide range of goods and services.

- *Supermarket shopping center (stormarknadscentrum):*
  The supermarket shopping center s usually located outside the residential and neighborhood areas that are easily accessible for consumers traveling by car. The main anchor tenants is usually a well-established national grocery store such as Coop Forum or Maxi ICA Stormarknad. What differentiates the supermarket shopping center from the power center/retail park is that the supermarket shopping center also houses other minor tenants.

- *Regional shopping center (regioncentrum):*
  The regional shopping center is larger to the size than the residential-, neighborhood- and supermarket shopping centers as its trade area is significantly larger and attracts purchasing power from many municipalities. The region shopping center offers a very wide range of goods and services from all retail businesses with several well-established and large anchor tenants such as chain stores in clothing, home and leisure, and large grocery stores. The main competition comes from the supermarket shopping center.

- *Factory Outlets (outlets):*
  Factory outlets are a relatively new form of retail center in Sweden. In Sweden there are about four to five established factory outlets. The factory outlet consists of fabricant- and manufacturer owned stores where excess supply of goods form previous seasons or defected goods are sold up to 30 – 70 percent cheaper than ordinary prices.

- *Themecenters (temacentrum):*
  The themecenter is a special variant of the regional shopping center in the sense that the themecenter niches and specializes towards certain retail goods or services, such as clothing, home and leisure, restaurants or entertainment. The themecenter is located in areas with a large flow of purchasing power such as the city core and airports.

- *Trade areas (handelsområden/handelsplatser):*
  A trade area is a agglomeration of retail stores that has spontaneously developed nearby accessible and high trafficked road and rail network, despite not being planned for retail purposes by municipalities. Thus, the trade areas are often not very well structured in their composition of stores and planning. An example of a trade area is Kungens Kurva outside Stockholm.

2.3.2 Types of retail goods and services

The retail goods and services can be divided into durables and non-durables (Centrumutveckling, 2009). Durables mainly consist of clothing, shoes, furniture, electronics, home and leisure, animals, jewelry, toys, sporting goods etc. Durables mainly consist of groceries, perfumes, flowers, tobacco and magazines.

2.4 Methods of investing in retail

Real estate investments have historically been in the interest of the more experienced investors and institutional investors. However, this is changing as new investors are entering the market. There are mainly three ways for investors to acquire real estate. The first method is to simply directly acquire the property through a transaction. In which the property is transferred from the seller to the buyer. The second approach involves buying shares of a real estate company or a real estate developer on the stock market. The third way to invest in retail property is by investing in real estate funds (Nair, 2011).

Despite which investment method is applied, there is a certain chain to follow when evaluating investment decisions. According to Ginevičius and Zubrecovas (2009) any investment process starts with a market analysis in which the first step involves an identification of the investor´s target and boundaries with the transaction followed by a selection of relevant property data as well as relevant parameters to go into the market analysis. The chosen parameters of interest are then to be compared and evaluated before the investor can make a multiple criteria evaluation of the investment´s potential return and proficiency and thus creating a platform of multiple investment principles. Lastly, an appraisal is made which eventually empties into a final decision.

For the process to be more productive and fruitful, Ginevičius and Zubrecovas (2009) stress the importance of a detailed environmental analysis what incorporates examining the investment and business environment, the legal environment, the technological environment as well as performing a financial and risk analysis. However, the authors note that there might be too many investment criteria in the market analysis performed by investors. They suggest that instead of eliminating some criteria and thus getting a less accurate depiction of the investment object, the investor can group the criteria and create a structured hierarchical system in the market analysis. By doing so for all the alternatives, the investor can make a better and more efficient decision.

The methods presented so far are not merely developed for just decisions concerning potential investments, but can be employed for other decisions relating to real estate. Epley (2004) presents some other types of situations when a market analysis is suitable, namely when evaluating site and locational issues for firms, evaluating and analyzing leases and tenants, performing risk analysis and when doing appraisals. A recently developed area for market analysis is the evaluation of social relations, both with the own personnel as well as with clients and he public. Epley (2004) describes this new area of market analysis as a possibility for the investor to examine the space users' needs and restrictions and better utilize social capital.

2.5 Investment issues

Even though there are practical and frequently used methods for investing in real estate, various investment issues exist. Below follows a description of the types of investment issues that arise when investing in commercial properties and how these can affect the market analysis.

When considering the large amounts of capital being allocated to commercial real estate investments, Nair (2011) highlights the importance of the potential investors need to make more informed and better decisions. For example, potential investors must dig into research on the location and demand factors of the potential investment, such as the attractiveness of the location of the property, the employment market, the regional or local economy and the population growth. Nair (2011) further states that property specific attributes such as current and future cash flows, vacancy rates, maintenance and repairs, taxes, lease terms etc, also have to be investigated more thoroughly by the potential commercial real estate investor.

Another aspect to consider when investing in commercial real estate is, according to Roque (2011), the property valuation process. The potential real estate investor has to know the market of the property, its´ operating costs and cash flows as well as the future potential of the property. The potential investors need to be aware of the existing and alternative uses of the property he or she is considering to invest in. The benefits from future, alternative uses of the property and the costs that come with converting the property also have to be investigated. The location specific attributes must also be considered, such as how growth can affect the properties in the specific area (Roque, 2011).

Rabianski, DeLisle & Carn (2001) furher argue that there is a need for a more sophisticated and efficient site selection process for firms in which real estate has a strategic function. In order to perform better site selection decisions, the more community-specific factors also have to be taken into consideration in the cash flow analysis so that firms can better avoid short-term decisions and end up with the most advantageous real estate allocations. Colavolpe (2010) further argues that defining the retailers´ sales volumes, the trade areas, consumer demographics and target customers is of utmost importance when evaluating a real estate investment opportunity and when performing a site selection. Fickes (2007, April 30) points out that the modern retail market consultants also are knowledgeable in what products and services the consumers buy in retail centers and where these consumers live and how far they are willing to travel to consume.

2.6 The structural market analysis of the real estate market

Section 2.5 is devoted to the first research problem and presents how the market analysis is made in theory and the most significant demand factors in it.

There exists a solid framework for the market analysis presented by Geltner and Miller (2007), that if followed and applied correctly can solve or avoid some of the above discussed investment issues that investors might be subjected to. By systematically analyzing both the supply and demand side of the real estate market of interest and by combining the two in the final stages of the process, the investor possess strong tools for making a final forecast and final decision.

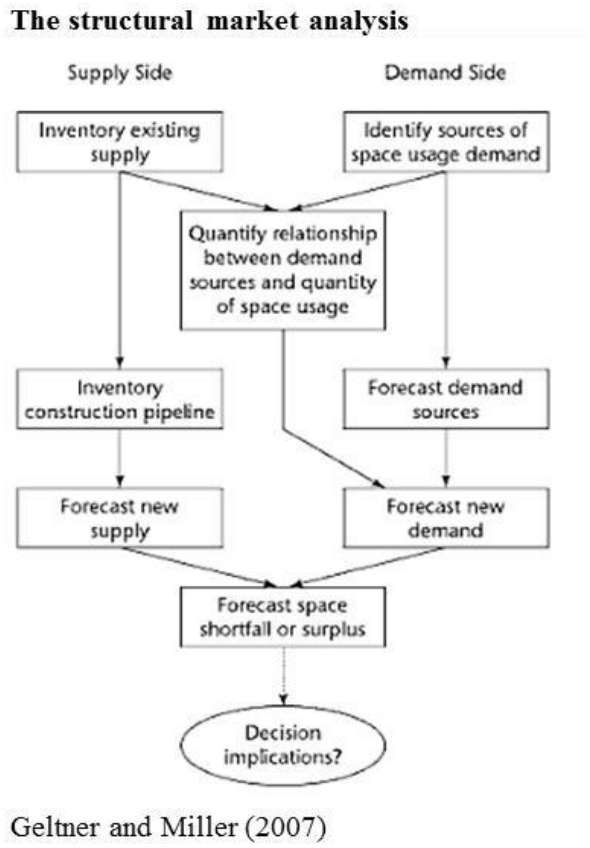

Figure 1. The structural market analysis process

Geltner and Miller (2007) describe the real estate market analysis as the various practical and analytical tools and procedures that real estate investors apply in their decision making process connected to real estate. The authors continue to describe it a tool for assisting in performing quantitative and qualitative analysis of both the supply side and the demand side of a specific real estate sector. Examples of real estate decisions in which the market analysis may assist is when deciding what type or size of building to develop, when to begin developing a project, what type of tenants to look for and foremost when deciding which regions and property types to invest in based on where the rents are most likely to grow and when deciding where to locate new retail malls or where to liquidate retail malls.

2.6.1 Demand factors in the structural market analysis

The demand factors in the market analysis can be described on different levels by different authors and discussed from different point of view. Different authors focus on different demand factors and these can be on a more general macro level, such as national and regional economics, GDP, inflation levels, or on micro level, such as rent levels, tenant mix, repairs and maintenance costs etc. Even though the authors focus on different aspects of the demand factors in the market analysis and have different opinions on what the most important demand factors are, they still agree on the importance of several demand factors but have slightly different points of view. Thus, as they share many of the demand factors in their discussions of the market analysis, the presentation of these will be based on the authors' different points of view and different approaches.

Major demand drivers by property type

Property Type	Demand Drivers
Residential single family (Owner occupied)	• Population • Household formation (child-rearing ages) • Interest rates • Employment growth (business & professional occupations)
Residential multifamily (Apartment renters)	• Population • Household formation (non-child-rearing ages) • Local housing affordability • Employment growth (blue collar occupations)
Retail	• Aggregate disposable income • Aggregate household wealth • Traffic volume (specific sites)
Office	Employment in office occupations: • Finance, Insurance, Real Estate (FIRE) • Business & professional services • Legal services
Industrial	• Manufacturing employment • Transportation employment • Airfreight volume • Rail & truck volume
Hotel & convention	• Air passenger volume • Tourism receipts or number of visitors

Geltner and Miller (2007)

Figure 2. Major demand drivers in the structural market analysis

Geltner and Miller (2007) discuss the demand factors in their structural market analysis on macro level. The sources of the demand side for the retail sector can be identified and forecasted by extrapolating past trends in relevant areas, such as the specific real estate sector of interest, the economic base of the region etc. By doing this, the strength of purchasing power for the real estate sector of interest can be analyzed. Geltner and Miller (2007) further suggest that the investor can look at *population forecasts, employment data* and *income information* etc. when identifying the demand drivers. More specifically, for the retail sector, some factors are especially important to consider, such as the *aggregate disposable income, the aggregate household wealth* and the *traffic volume.* By combining the projected demand of a specific area (i.e. purchasing power) and tying it to the space available on the market, the investor has made a well-informed attempt at forecasting the future outlook of the supply and demand sides and is thus better equipped for making better real estate decisions.

Sivitanides (2012) argues that the demand for retail property is highly interrelated to the *consumers' consumption patterns* of goods and services and that these spending patterns along with the *size of the population* are the key factors behind retail turnover and thus the demand for a specific retail area. Jackson (2001) also stresses that the demand for retail property is dependent on the demand from the end-customer and thus is highly dependent on consumer expenditure. Sivitanides (2012) list some important demand factors for retail. The spending patterns, and thus the demand for the specific retail area of interest to an investor, mainly depend on the *age mix and demographics* and the *income mix* of the households in the retail area.

Sivitanides´s (2012) demand factors behind the age composition and demographics consist of *age, gender* and *household size*. These demand factors impact the purchasing power in a retail area and change as the household goes through various stages in its life cycle (young couples, married couples with children, retirees etc). *Population size* is another important demand factor for retail property since it is directly correlated to the consumption of goods and services in a specific area.

The demand factors behind the income mix are *annual disposable income* and *earned income.* The income mix is in turn dependent on other factors such as *consumers' expectations, the availability to credit* and the prevailing *tax policies*. The disposable income obviously has a direct effect on the demand for retail property as the amount of consumption derives from the disposable income (which generally increases with age and much depends on regional and national economic factors).

Sivitanides (2012) further presents that the price levels and the amount and volume of goods and services in retail centers consumed by households both depend on the spending patterns of the households. Hence, spending patterns are a major demand factor in the retail business. This implies that those goods and services that are demanded by the households in the retail area also *govern* what type and size of retail property that is demanded in the area.

The last demand factor for retail property that Sivitanides (2012) discussed is the *retail turnover per square feet*. The turnover per square feet varies with the type and setting of the retail property (for example durables and non-durables) which can be used in the market analysis as an approximation of the future potential sales ability of the retail property.

Wincott and Mueller (1995) further develop the demand factors of importance on property specific level. The demand factors on the retail center level are among others *total retail sales volume per retail center, total retail sales volume per household* and *sales per square feet broken into retail center type* (durables and non-durables, for example).

Boon (2005) provides a large account for the various demand factors that go into the market analysis. In the demand factors relating to economy *GDP, inflation (Consumer Price Index), retail sales index* and the *umemployment rate* etc are relevant in a retail market analysis. In the demand factors relating to demography, *population size, per capita income, household size* a*nd income* and *living space per capita* etc are interesting. On property level, the *existing stock and forecasted stock, vacancy rates, rent levels, yields* and *total return* make up the demand factors in the market analysis of retail property.

Types of data

No	Generic category	Variables
1	Economy	GDP, Inflation, Retail sales index, FDI, Unemployment rate, Interest rate, Exchange rate, Forecast of economic indicators, Sovereign credit risks
2	Politics	Political risks
3	Demography	Population size, Per capita income, Household size, Household income, Living space per capita, Demographic forecasts
4	Real estate information	Existing stock, Historical and forecast of supply, Demand, Vacancy, Rental, Yields and total returns, List of sales transactions and buyers' profile

Boon (2005)

Figure 3. Types of data in a market analysis

Nair (2011) also stresses the importance of considering property specific attributes. These are among others current and future cash flows, vacancy rates, costs of maintenance and repairs, taxes, lease terms etc.

Hardin, Wolverton & Carr (2002) provide some insight on the *rent and vacancy levels*. It appears as if closeness to regional retail areas benefits the rent levels in all the surrounding retail areas but that this benefit diminishes for those retail centers that have a greater distance to households. The authors point to the fact that the it is the closer distance of the households to other, competing retail centers that are the cause of this. The authors also fund that the rent levels diminish with the age of the retail center and that the minimum rent levels are considerably higher at the larger retail areas than in the smaller ones. The authors also suggest that high vacancy rates imply that there is inferior utilized and located space that is difficult to rent out despite the overall demand for the retail center is quite high and that low vacancy rates indicate that the retail center is able to charge high rents. In order to better compute the purchasing power for a specific trade area, the authors conclude that geographical information is important to include in order to facilitate comparison between retail areas in the market analysis.

Ginevičius and Zubrecovas (2009) also points to the significance of a detailed environmental analysis that encompasses an examination of the investment and business environment, the legal environment, the technological environment and the risk associated with acquiring the investment object.

Thrall and Thrall (2011) further highlight the importance of demand factors relating to *general land parcel data* and *imagery*, such as *aerial and satellite images* in the market analysis for the specific investment object of interest.

Foss (2011) takes competition into view when discussing the demand factors in the market analysis. The demand factors relating to competition are the *retail property's competitive position in the retail area* as well *as its position in comparison to the surrounding retail areas and the forecast of potential competition (new competing retail space)*. This is of utmost importance when evaluating the current and future competitive strength of the investment object. Foss (2011) also brings attention to "Reilly's Law of Retail Gravitation" which implies that a retail center attracts purchasing power depending on its *size and distance from its competitors* and points out that the distance has the greatest impact of the two.

Competition as a demand factor for retail areas also takes form in the *tenant mix* of various retail centers (DeLisle, 2012). DeLisle 2012) argue that as retail properties' feasibility depend on the retail centers ability to attract purchasing power from customers, it is of utmost importance that the tenant mix of the retail center is strong enough to withstand changes in the trade area, changes in the demographics and changes due to new competition such as new retail areas or the increasingly popular online shopping experience. The tenant mix with its offering of goods and services must thus be enough appealing to customers and financially strong with respect to turnover in order to attract

purchasing power from the primary trade area around the retail property as well as from secondary trade areas hosing competing retail properties. DeLisle (2012) claims that this is especially true for anchor tenants as a decline in turnover in these key tenants operations is at risk of negatively affecting the remaining tenants in the entire retail center. An anchor tenant is, by Ling & Archer´s (2008) definition, a large and well established retailer that is the main attractor of purchasing power in the retail center. Also, tenants in retail centers have percentage rent clauses in which a certain percentage amount of the tenant´s sales revenue is added to tenant´s total rent payments, making the tenant mix even more important to handle for a retail property investor.

Concerning the long-term and short-term perspective in the market analysis, the forecasting of the demand side has to incorporate the national and regional economic development factors according to Malizia (1991). By considering both the short and long term perspective in the market analysis, the investor can improve his/hers real estate decisions.

The demand factors to consider in the short-term are the:

- *industrial growth paths*
- *industry mix*
- *employment mix*
- *regional and level of innovation*
- *education level*
- *relative employment growth rate and relative employment stability*
- *regional location*

The demand factors to consider in the long-term are:

- *productivity in the region*
- *innovation potential of the region*
- *diversity of firms, shops etc.*
- *centrality of the retail property*

In conclusion, demand factors can be considered from many different perspectives and be analyzed on both macro and micro level. The important task and the difficult part of the analysis is to choose to include and analyze those demand factors relevant to the investment object and to perform the analysis of the demand factors in a consistent manner.

2.6.2 Neighborhood- and district analysis

On the whole, the market analysis culminates in a neighborhood- and district analysis (Instutitionen för värdering av fastigheter och Samfundet för fastighetsekonomi, 2008). Instutitionen för värdering av fastigheter och Samfundet för fastighetsekonomi (2008) describe the market analysis form a neighborhood- and districts perspective, in which the emphasis of the market analysis is on

describing and analyzing the neighborhood, district or trade area of interest in order to attain a solid ground for the investment decision. An account for the market analysis from the neighborhood- and districts analysis follows below.

The data collection in the neighborhood- and districts analysis is often on a municipality level and is aimed at gathering data on the key demand factors in the surrounding area that have an impact on the property that is to be invested in. However, as much data is available and rather easy to gather, it is important to keep focus on the relevant data and not turn the market analysis into a more general description of the district as a whole that contains irrelevant data with respect to the potential property investment (Instutitionen för värdering av fastigheter och Samfundet för fastighetsekonomi, 2008).

Instutitionen för värdering av fastigheter och Samfundet för fastighetsekonomi (2008) suggest that the neighborhood- and district analysis should start with a brief general description of the neighborhood or district in terms of *location (in relation to other districts as well), accessibility, area, number of inhabitants, political governance, availability of services, industry and education figures and communications and infrastructure*. These figures are important for determining and forecasting the areas current and future trade and industry outlook.

A closer look at the *industrial life and employment* of the neighborhood is recommended since these factors have a large impact on the future development of the area. The investor might look at the *dominating industries* in the area and identify the *major employers*. The investor should also consider the *municipalities´ average income* as a higher average income translates into higher purchasing power.

By performing the market analysis with a focus on the neighborhood, district or trade area of the investment object, the investors is more likely to gather information that is relevant and that has an actual impact on the retail property, should it be acquired.

2.7 The appropriate amount of market analysis required

Considering the amount of information available on the real estate market, what is the appropriate level and appropriate amount of market analysis? According to Thrall (2002), the answer depends on what investor is asking, who is paying for the investment and the investor´s risk-appetite.

The size of the project, the finances required and complexity associated with the real estate investment has an impact on the extent of the market analysis. For example, a larger regional shopping center requires a more thorough market analysis than a neighborhood shopping center does since the regional shopping center has a larger and more complex market and requires more time and resources in a market analysis.

Thrall (2002) further states that the suitable level of market analysis should go hand in hand with the risk-appetite of the investors. The market analysis can be described as a mean of reducing the risk associated with the investment decision and should guide the decision forward.

Whom the analysis is for should also be considered (Thrall, 2002). Larger firms have a responsibility towards their stakeholders and investors and the actions of their managers must therefore be coherent and reasonable. Institutional investors have restrictions on their types of funds. Real estate companies have preferences for specific markets and property types. In the long run, the value of the market analysis is measured by the extent to which the investors´ decision has been enhanced. By resulting in a larger benefit than the actual cost associated with the market analysis, the investment decision enriches the investment decision while at the same time diminishing the errors in judgment by the investor.

2.8 An alternative framework for the real estate market analysis

Clapp and Messner (1988) put forth a somewhat different method for the market analysis when compared to Geltner and Miller´s structural market analysis. The focus in Clapp and Messner´s market analysis is on using scenario analysis to address the risk factors present in the ingoing data in the market analysis, focusing more on analyzing the competition and focusing on the demand factors that actually translate into an identification of the "demand groups" that will most likely use or fuel the property that is being evaluated by the investor. A detailed market analysis should always be performed prior to any financial analysis.

The first step is to analyze the location of the real estate and analyze the linkages between the demand factors and the competing supply. This approach is similar to the structural market analysis. The next step, however, involves identifying the demand factors that exploit the property. This can be done by identifying the population- and employment group that will most likely use the property and the other demand factors that can be converted into a potential demand for the property, such as square feet of retail/office/housing etc per person.

In the final stages, Clapp and Messner (1988) suggest a thorough analysis of the existing and future competing properties that are similar to the investment object (market comparables) and an analysis of the market conditions. The market comparables´ location and property specific attributes are to be compared to those of the investment object.

Assessing the risks involved with investing in the property is of large importance in Clapp and Messner´s approach to the market analysis. The risk associated with the investment can be expressed as the probability of attaining a lower return, cash flow or revenue than was expected prior to the investment. This can be attended by setting the ingoing demand factors in the market analysis to positive, neutral and negative values in order to capture their impact in different scenarios and thus efficiently evaluating the risk associated with the investment.

3 Methodology/research design

3.1 Research methods and research tools

3.1.1 The importance of reviewing past literature

Before discussing the choice of method and motivating the choices, a review of the methods and approaches available when conducting studies is in place. Ghauri and Grønhaug (2010) describe a method as the rules and procedures that facilitate a sound reasoning and analysis when solving and answering research problems and research questions. The method also aims at explaining how the results and findings are to be accomplished and consequently enabling the readers of the study to evaluate and examine the research process.

A prerequisite for the method is the theory in which the various concepts, problems and concepts used in the study are examined. The theory thus enables the researcher to better comprehend and understand the research problem or research question. By reviewing past literature, the researcher can articulate the problem in a more analytical way and identity the relevant concepts and data for the research study. The researcher can also obtain more knowledge in the field by reviewing the literature on the research topic and thus be able to better frame the research problem or research question.

3.1.2 Forms of research design

Ghauri and Grønhaug (2010) present three forms of research design:

- *Explanatory research:*
  The explanatory research is suitable when the research question is poorly understood and the researcher has to theorize by observing, collect information and building explanations.

- *Descriptive research:*
  The descriptive research is to be applied when the research question is well understood by the researcher. The researcher then applies precise rules and procedures in the study to address the research question.

- *Casual research:*
  The casual research is similar to descriptive research, but there also exists “cause - and - effects” problems in the casual research. The researcher thus strives at isolating the causes and to examine whether they results in some effects.

Ghauri and Grønhaug (2010) also describe two types of research procedures for collecting data and performing the research:

- *Quantitative research procedures:*
  The quantitative research produces are composed of statistical and mathematical methods or quantification procedures to establish a connection between some parameters. The quantitative research approach thus applies precise and controlled measurement techniques in order to test or verify relationships between parameters or the research´s results.

- *Qualitative research procedures:*
  The qualitative research, on the other hand, relies on rational, logical and intuitive methods. The qualitative data also requires conceptually thinking as well as analytical skills in order to result in valid information and conclusions. It also employs utilizing on past information and experiences, such as extrapolation. The qualitative method quantifies the qualitative data as it measures and interprets the information or data acquired in the qualitative research procedure.

3.1.3 Sources of data

Primary data is original or new data collected by the researcher for the study´s specific research question, such as observations, experiments, surveys, questionaries' etc. (Ghauri and Grønhaug, 2010). This data has not been used in the thesis.

The thesis is mainly made up of secondary data. *Secondary data* is made up of data already gathered by other researchers for other purposes that the researchers´, such as statistics, reports from governments, consultants etc., firm´s annual reports and brochures. The literature review is often made up of secondary data in which previous studies on the research question are examined (Ghauri and Grønhaug, 2010).

Ghauri and Grønhaug (2010) argue that all studies should start with the gathering of secondary data in the literature review and that the primary data should be used when the secondary data is not enough to answer the research question.

Carr, Lawson and Schultz (2003) explains primary and secondary data form a real estate perspective. Primary data is described as the data collected by the appraiser, such as prepared sketches of the building measurements (ichnography), photographs of the property, area and rental values. Secondary data is described as sources of information that are arranged by other people, such as publications, census reports, studies of the real estate market by consultancy firms and published sales data. Arend (2000, July) explains extrapolation as a method for collecting data that looks utilizes already published historical data in order to give a projection of the future.

3.2 Choice of method

3.2.1 Literature review

As the purpose of this paper is to provide an example of a market analysis, whose purpose is to serves as a base real estate investment decisions, the research methods and approaches that will be applied in construction of the market analysis of this study will have a statistical and analytical approach.

The paper will begin with a literature review. As the market analysis contains many factors that affect the demand of retail properties and as there is a vast amount of information connecting to commercial real estate and regional markets available, the prerequisite for the market analysis is a review of previous literature and research on the field.

By reviewing the literature on how to properly perform a real estate market analysis and on what factors have an impact in investment decisions, the literature review can serve as a solid and informative ground for the market analysis of Stockholm´s retail areas. As mentioned earlier, most of the market analysis of the real estate market are performed by consultancy firms for the strict and private use of their clients investing in or disposing of property, the literature review will contain only a small or non-existent amount of that type inaccessible information. However, previous literature and research will be reviewed in the form of articles and books in which methods for performing market analysis and what demand factors in the market analysis are considered important will be reviewed in more detail.

3.2.2 Descriptive and casual research design

The next step after having performed the literature review is to use the information attained therein to perform my own market analysis.

In order to apply the theory of real estate market analysis practically, the descriptive research design for this thesis will be most suitable. This is because I have a clear understanding of the research problem and want to find the reasons behind the strength of various municipalities´ retail areas and connect them to their retail center performance by applying specific rules and procedures presented in the literature review in the same way for all municipalities. I will also employ a causal research since I am aiming at investigating the causes behind the ranking of retail areas in the municipalities (cause – and – effects).

The aim of performing my own market analysis is because I would like to show to the community and academics how a market analysis can be executed and what it might be composed of as the market analysis is not available for the consultancy firms to the public. This leads me to the third step, which involves comparing the theory with my concrete market analysis to see whether these share the common demand factors. That is, do the theory and the market analysis discuss the same demand factors? Do the demand factors considered important in theory show up in the market analysis and have an impact in it?

3.2.3 Quantitative and qualitative analysis

The most suitable method for the research question of analyzing the Stockholm retail markets' investment opportunities, is to perform a quantitative analysis in order to gather and process the large amounts of market data available and then combined these with a qualitative analysis to evaluate the data obtained from the quantitative analysis. By doing do, the aim is to form cohesion and insight to the complex amount of available data. The motive for a quantitative analysis is that I want to identify and discover the important parameters behind retail area success in the municipalities by analyzing the available sources, the "raw data", on my own. The quantitative analysis will encompass applying precise and similar measurement techniques in a systematic manner for all the municipalities in order to facilitate comparison between the strongest retail municipalities.

Moreover, the analysis is qualitative in the way that the quantitative data will be analytically and logically evaluated. The extrapolation of past trends in the quantitative analysis requires a analytical and critical eye in order for the quantitative analysis to actually become an informative source.

The structural market analysis presented by Geltner and Miller (2007) is the approach that will be used in this paper when highlighting what a market analysis might actually look like. The demand side of the structural market analysis will be performed on a practical level in this paper. The sources of the demand for retail space will be identified and forecasted for each municipality that has one of the strongest retail malls in the whole county in order to give a general forecast of the demand for retail space. The sources for the demand of retail space, that is the purchasing power, will be identified and forecasted in order to present a forecast of the overall demand for retail space, i.e. purchasing power, for each municipality that houses the top ten strongest retail areas in the county.

3.3 Gathering data for the market analysis

3.3.1 Type of data in the quantitative and qualitative analysis

In order to gather the demand parameters that go into the market analysis, qualitative techniques will be employed in order to establish a linking the strength of the retail area in a certain municipality and the demand factors in the municipality, such as its population size, disposable income etc. The data that will go into the market analysis will consist of secondary data since there exists great transparency on the Swedish real estate market. Thus, the data compiled by government officials, consultancy firms and research firms will be the main database for the market analysis of Stockholm´s retail areas. These demand factors will be extrapolated from past trends in order to produce some realistic forecasts.

The quantitative techniques to be employed in the concretization of Geltner and Miller´s structural market analysis involve gathering secondary data and published external resources; information collected by various institutions and consulting firms. The market data on the retail property market

will be collected from:

3.3.2 Reports and database from The Swedish Institute of Retail (Handelns Utredningsinstitut, HUI):

The Swedish Institute of Retail is a researching and consulting institute that serves as an information base for increased market knowledge and will be the main data base used in the quantitative analysis. It provides reports with detailed information on turnover, trade data and trade indexes and on the development of consumption and demand in various retail industries for the municipalities in Stockholm county. The reliability of these reports are valued as valid as they consist of data on a very large sample of retail centers available and present statistics based purely on actual turnover as opposed to profit.

3.3.3 Statistics from the database of Statistics Sweden (Statistiska Centralbyrån):

Statistics Sweden is a government official that provides raw data on income levels, consumption levels, daytime population, gainfully employed, forecasted population increase, level of daily goods and non-daily goods (retail sales) and other important indicators of both current and future consumption power. By gathering statistics for the last decade, one can use the development to calculate and make a judgment of the future purchasing power that is based on a large sample from many years.

3.3.4 Reports from various consultancy firms and from Stockholm´s counties and districts:

Real estate consultancy firms, such as Jones Lang Lasalle and Newsec, provide property outlooks for various markets as well as on the banking sector, which is an important determinant of future investment opportunities. However, one must keep in mind that these data already have been screened and processed by another party and are essentially and qualified best guess of the future development of the retail property market.

There are also reports from the regional planning office of Stockholm county in association with Statistics of Sweden that provide estimations of population forecast for the municipalities of Stockholm county. These can also be used when estimating the purchasing power in a market analysis.

3.3.5 Shopping directory 08/09 compiled by Centrumutveckling:

Up till a few years ago, Centrumutveckling released an annual shopping directory which contained detailed information yearly retail turnover, lettable area, number of parking lots, ownership, number of visitors etc for all the shopping malls in Sweden. The most recent directory of 2008/2009 will be used in this paper.

3.3.6 Database of Datscha:

Datscha provides services for information and analysis of all of Sweden´s commercial properties by web that can be used to perform market analysis. Datscha also presents data on municipality level similar to the data of Statistics of Sweden.

3.4 Arrangement

Since I am relying on outside sources for the main shopping center data (the first step in my market analysis) with numbers on the turnover, area etc on each all of Sweden´s retail properties , the best approach to avoid a situation of waiting on data and being dependent on data from other sources, a time plane has to be set, of which the first step is to gather the data. The request for data will therefore include the whole area of Stockholm with all municipalities so that the relevant areas are readily available and can be chosen to be looked into at later stages of the research as well.

The next step will be to compile and evaluate the data from quantitative and qualitative sources. Presenting aggregated information on shopping mall level and municipality level as the data is gathered. Tables, figures, maps, reports from municipalities will be put into a cohesive structure in order to untangle the vast amount of information accessible.

The data following after the introduction, theoretical background and literature review will be the municipalities in Stockholm county that house the ten largest retail malls with respect to yearly retail turnover. When presenting the data per municipality, data for the surrounding competing municipalities will also be presented in order to facilitate comparison. The reason for presenting the data on municipality level, is because the reader obtains an overview over which retail centers and which shopping malls that are interesting with respect to the income generating possibilities of each retail area(such as turnover, tenant base, consumer choices etc).

The results will display the statistical and pure data results from the quantitative analysis via maps, figures and charts. Based on the statistical results and the results, a description of each shopping mall that belongs to the top ten in the county and each municipality will be presented in a concise written form.

After having presented the data from the quantitative and qualitative analysis, the discussion and analysis of the results is performed. Finally, a summary, reference list and appendix will be presented.

3.5 Validity aspects and practical limitations

Boon (2005) discuses some of the validity issues related with the secondary data that goes into the real estate market analysis in eastern Asia. Some of these, I believe are applicable in more transparent countries such as Sweden and thus can pose validity threats to this study as well. These are mainly (Boon, 2005):

- *Consistency:*
  Consistency involves that the same definitions have to be used all through the gathering and evaluation of data of the market analysis so that the time-series does not get inconsistent, imperfect and incomparable.

- *Reliability:*
  Reliability involves applying the same techniques for gathering and measuring the data throughout the whole sample of data. The data must also be collected, organized and analyzed in the same way. The data´s origin and its characteristics must also be well understood.

- *Adequacy:*
  When extrapolating data on past or historical trends, it is important that the data covers not a too long and not a too short time period, as the conclusions or forecasts based upon this data can suffer.

- *Timeliness:*
  Timeliness implies that that the data collected must reflect the time period in the market analysis and thus cannot reach too far back in time.

Other validity aspect in this study, I believe relate to the fact that the data in the market analysis comes from mainly three different sources with their own three databases; Statistics Sweden, Datscha and HUI Research . However, both Datscha and HUI Research retrieve their statistics form Statistics Sweden when they build their databases. Still, the different databases might have composed the data differently or filtered it differently or they might have used different definitions. Furthermore, Datscha uses standard values when reporting rent values, vacancy levels and yields, which is something to keep in mind when making comparisons. But overall, the three databases are judged solid sources that are transparent in their account of how the data has been collected and filtered.

As for the shopping center data, the most recent publication from Centrumutveckling is from the year 2009, which is two years older than the data collected from the other three databases on the demand factors (such as population size, disposable income, retail indexes etc). This is something I plan to keep in mind when identifying the connection between retail area strength, found in the shopping center data, and the underlying demand factors, found in the database data. However, it is not inappropriate to utilize the most recent data in the databases instead of filtering out the data from 2009, as the trend in the data is most likely the same. That is, the municipality with the lowest disposable income in 2009 most likely still has the lowest or among the lowest disposable incomes in 2011 and vice versa.

A practical issue that might be of concern is whether the data from the sources will be available to the research i**n** time, since the research becomes dependent on other people in the early stages of

data gathering. I also recognize the need for fast data collection from all the sources for the research to be possible in the right steps.

3.6 Alternative methods to perform the thesis

Are there any alternative ways to perform a market analysis and to compare whether demand factors in theory appear in a practical market analysis as well?

I could have simply interviewed various real estate investors to determine how they go about to perform the market analysis and which demand factors they consider of significance on the purchasing or swelling price of retail properties. I could also have interviewed the consultancy firms when evaluating these questions.

A second alternative would have been to send investors and consultants questionarries. This would have enabled me to reach a larger number of investor and consultants than when performing interviews.

Due to the time-consuming nature of performing a market analysis, these two methods were hard to implement in this thesis. In the end, it was a market analysis that I wanted to perform in order to evaluate how theory stands up to practice, but it would have been interesting to see whether the findings in the theory and in my market analysis are confirmed by the practitioners.

4. A structural market analysis of the retail sector in Stockholm County

The purpose of this section is to practically illustrate what a structural market analysis of the retail sector in Stockholm County might look like. The ten strongest municipalities with respect to yearly retail turnover will be presented in ranking order, form the strongest to the weakest, in an attempt to identify and map the ten strongest retail areas in the region and in order to analyze and forecast the purchasing power of each municipality. Below, the results from the structural market analysis follow.

4.1 Municipality and retail area of Huddinge

Figure 4. Map of retail area

Rank	Municiplity	Larger retail areas
1	**Huddinge**	**Heron City, Kungens Kurva, Länna Köpcentrum**
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 1. Municipality ranks and larger retail centers

Summary of key features

Kungens Kurva is a trade area that has the largest retail turnover, in both MSEK and MSEK/sq.m, and the by far largest retail area in Stockholm County. Heron City, which is a themecenter, and Länna Köpcentrum, another trade area in the municipality, also perform well with respect to retail turnover when compared to all the malls in Stockholm County. Huddinge has very strong retail turnover in both the durables and non-durables sector and its retail sales index indicates that residents in the surrounding municipalities prefer to travel to Huddinge to buy their goods. There is a good inflow of purchasing power to Huddinge that generates good consumption possibilities in the municipalities´ malls. However, Huddinge has rather low rent levels and high yields.

Mall facts

	Heron City	Kungens Kurva	Länna Köpcentrum	SKHLM	Farsta Centrum	Tyresö Centrum	Haninge Centrum
Retail turnover 2007, MSEK	1 007	4 785	1 311	1 372	1 638	598	681
Retail turnover 2010, MSEK[1]	1 199	-	-	-	1 920	-	0
Retail turnover	22 446	38 024	24 570	21 572	36 781	28 840	26 117

2007, MSEK/sq.m							
Lettable area, sq.m	44 863	125 840	53 357	63 600	44 534	20 735	26 075
Number of visitors, millions	5,3	-	-	12,8	15,3	6,3	5,7
Top tenants	Mio, Media Markt, Willys	IKEA, City Gross, ICA Kvantum	Eko, El-Giganten, Länna möbler	Åhlens, Hemköp, Coop Konsum	Eko, El-Giganten, Länna möbler	Coop Extra, ICA Kvantum, H&M	H&M, Sabis, Clas Ohlson

Table 2. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Kungens Kurva has the largest yearly retail turnover, measured both in MSEK and MSEK per square feet of lettable area, and it has the by far largest retail area in the whole of Stockholm County. It has a 92 percent larger turnover than the second largest mall in the county, Barkarby Handelsområde, and has a very strong and sound tenant base with IKEA and ICA Kvantum as primary and secondary anchor tenants. The other two surrounding malls in Huddinge municipality, Länna Köpcentrum and Heron City, also rank above average with respect to yearly retail turnover in MSEK. Thus, Huddinge represents the strongest retail area in the county as a whole and presents sound investment incentives.

Trade data

	Huddinge	**Stockholm**	**Tyresö**	**Haninge**
Turnover non-durables sector 2010, MSEK	3 771	26 458	1 042	2 286
Turnover durables sector 2010, MSEK	7 153	32 897	480	1 459
Total retail sector turnover 2010, MSEK[4]	10 924	59 355	1 522	3 745
Percentage change in total retail turnover compared to previous year, %	4%	6%	4%	2%
Sales index non-durables sector, 2010[1]	126	102	79	97
Sales index durables sector 2010,[1]	247	130	38	64
Total sales index 2010 retail sector[1]	185	116	59	80

Number of guest nights per capita[2, 3]	1	8	0	2

Table 3. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

When comparing Huddinge´s turnover data with its competing municipalities, one has to consider that the turnover data is on an aggregated level. For Stockholm municipality, a much larger number of malls constitute the base for the turnover data as compared to the other municipalities and thus the turnover data for Stockholm municipality is many hundred times larger than the second best municipality Huddinge. Therefore, Huddinge will only be compared with the remaining two competing municipalities with respect to the turnover data.

Huddinge has the largest trade data in the whole county after Stockholm municipality, both in the durables sector and the non-durables sector. Huddinge also has very strong retail sales indexes that are greater than 100, while its neighbor municipalities have retail sales indexes less than 100. This indicates that there is an outflow of residents in the neighbor municipalities that prefer to travel to Huddinge to buy their goods and services. As for the inflow of tourists, who also contribute to the purchasing power, Huddinge has a weaker amount of guest nights per capita than Stockholm.

Financial ratios of the property market

Stores	**Huddinge**	**Stockholm**	**Tyresö**	**Haninge**
Rent, SEK/sq.m/year	2 200	6 000-10 000	2 500	2 700
Yield, %	6,8%	5,0% - 5,5%	6,5%	6,3%
Vacancy rate, %	4,0%	2,0%	4,0%	3,0%

Table 4. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Despite having the strongest retail turnover in Stockholm County, Huddinge has rather low rent levels and high yields when compared to its surrounding municipalities. Stockholm municipality offers the highest rents, lowest yields and lowest vacancy rates, followed by Haninge and Tyresö. The rent levels, yields and vacancy rates are highly related to the location of the municipality.

In general, the further out from the CBD of Stockholm, the lower the rent levels and willingness to pay for retail space and the higher the yields and vacancy levels.

Demographics

	Huddinge	Stockholm	Tyresö	Haninge
Population as of 2012	101 286	882 800	43 915	79 884
Population forecast as of 2020	113 867	993 836	47 957	83 469
Average population growth over ten years' %	17%	17%	12%	8%

Table 5. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Huddinge is expected to have a rather large average population growth over the coming decade and thus a rather large inflow of potential purchasing power to its retail centers.

Number of gainfully employed and inflow of commuters

	Huddinge	Stockholm	Tyresö	Haninge
Daytime population (number of gainfully employed) 2010[1]	42 244	589 796	10 413	24 744
Index daytime population[2]	102	1 423	25	60

Table 6. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Huddinge has the fourth largest daytime population in the county and has a high index for daytime population, which implies that rather many residents in the county commute to Huddinge on a daily basis for work. The inflow of commuters and the size of the daytime population generates sound conditions for consumption in the municipalities' retail centers as it guarantees a stable flow of purchasing power.

Prosperity and living conditions

	Huddinge	Stockholm	Tyresö	Haninge
Earned income 2010, SEK	278 515	301 107	304 375	261 031
Mean of real and financial assets 2007, KSEK[1]	900	1 377	1 129	804

Mean net worth 2007, KSEK[2]	616	1 034	802	553
Proportion of population with tertiary education, %[3]	18%	30%	17%	12%
Number of holiday houses per thousand inhabitants[4]	19	0	31	77

Table 7. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Compared to the four municipalities, Huddinge is the third strongest with respect to earned income, mean of real and financial assets and mean net worth. Compared to the county as a whole, Huddinge and Haninge belong to the lower distribution of the median and Stockholm and Tyresö belong to the upper distribution of the median. The purchasing power of Huddinge´s households is by these measures rather weak when compared to the county as a whole and to the competing neighbor municipalities.

Huddinge has the second strongest distribution of disposable income of the four competing municipalities with 47 percent in the higher income bracket and 33 percent in the lower income bracket. Only Tyresö has a stronger distribution of disposable income with 56 percent in the higher income bracket and 25 percent in the lower income bracket. With 47 percent of Huddinge´s population placing in the higher range of disposable income, these income groups represent possible purchasing power to Huddinge´s retail centers if they chose to spend part of their disposable income therein.

4.2 Municipality and retail area of Järfälla

Figure 5. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	**Järfälla**	**Barkarby Handelsområde, Stockholm Quality Outlet**
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 8. Municipality ranks and larger retail centers

Summary of key features

Barkarby Handelsområde, a trade area, together with Stockholm Quality Outlet, a factory outlet, represent the second largest retail area in Stockholm County with a combined yearly retail turnover of about 2.800 MSEK and lettable area of about 1.000 square feet. Järfälla has high retail retail sales index for the durables sector which indicates an inflow from surrounding municipalities to Järfälla for consumption of durables. However, the retail sales index for non-durables indicates an outflow of purchasing power from Järfälla to retail areas for consumption of non-durables. Jäfälla also has he weakest financial ratios and weaker demography when compared to its surrounding municipalities. The ranking of Järfälla as the second largest with respect to retail turnover can thus be derived from Järfälla´s high retail sales index for the durables sector together with the stronger earned income, mean of real and financial assets and mean net worth as compared to its competing neighbor municipalities.

Mall facts

	Barkarby Handelsområde	Stockholm Quality Outlet[2]	InfraCity	Väsby Centrum	Stinsen Shoppingcenter
Retail turnover 2007, MSEK	2 490	354	698	630	638
Retail turnover 2010, MSEK[1]	-	-	-	-	-

Retail turnover 2007, MSEK/sq.m	28 838	30 759	9 990	24 885	19 486
Lettable area, sq.m	86 343	11 509	69 868	25 316	32 741
Number of visitors, millions	-	1,7	-	5,7	2,7
Top tenants	IKEA, Bauhaus, El-Giganten	Mexx, Peak Performance	El-giganten, PC City, Rusta	ICA, Coop Extra, Stadium	Vinn Stormarknad, Clas Ohlson, H&M

Table 9. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

2) Is part of Barkarby Handelsområde

Barkarby Handelsområde together with Stockholm Quality Outlet are the second largest retail area in Stockholm County with a combined yearly retail turnover of about 2.800 MSEK and lettable area of about 1.000 square feet. The competing malls have a substantially lower retail turnover. InfraCity is the largest competitor with respect to its tenant base of electronics stores and a yearly retail turnover of 698 MSEK. Barkarby Handelsområde and Stockholm Quality Outlet represent the second strongest retail area in Stockholm County and the strongest retail area in the northern parts of the county.

Trade data

	Järfälla	**Upplands Väsby**	**Sollentuna**	**Sundbyberg**
Turnover non-durables sector 2010, MSEK	1 765	770	2 589	1 115
Turnover durables sector 2010, MSEK	5 119	1 366	2 393	573
Total retail sector turnover 2010, MSEK[4]	6 884	2 136	4 982	1 688
Percentage change in total retail turnover compared to previous year, %	2%	-2%	15%	-1%
Sales index non-durables sector, 2010[1]	87	64	131	94
Sales index durables sector 2010,[1]	260	117	124	50
Total sales index 2010 retail sector[1]	172	90	128	72
Number of guest nights per capita[2, 3]	0	0	2	0

Table 10. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

Järfälla has the strongest turnover in the durables and non-durables sector when compared to its competing municipalities. However, Sollentuna has had a greater percentage change in its total retail turnover compared to the previous year with its 15 percent change compared to Järfälla´s 2 percent change. Järfälla has a quite high retail sales index in the durables sector, which indicates an inflow from other municioaliyies to Järfälla for consumption of durables. The retail sales index for non-durables, however, is less than 100 which indicates that there is an outflow from Järfälla to other retail areas in surrounding municipalities for consumption of non-durables, perhaps to Sollentuna that has a retail sales index for non-durables of 131.

Financial ratios of the property market

Stores	Järfälla	Upplands Väsby	Sollentuna	Sundbyberg
Rent, SEK/sq.m/year	2 200	2 800	3 000	2 500
Yield, %	6,8%	6,5%	6,5%	6,7%
Vacancy rate, %	5,0%	5,0%	4,0%	4,0%

Table 11. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Even though Järfälla has the second strongest retail turnover in Stockholm County, its rent levels are lower and its yields higher when compared to its competing municipalities. Out of the four municipalities, Sollentuna has the strongest financial ratios with the highest rents, lowest yields and lowest vacancy rates. The weaker financial ratios of Järfälla´s real estate market are due to its location in the outskirts of the county.

Demographics

	Järfälla	Upplands Väsby	Sollentuna	Sundbyberg
Population as of 2012	68 696	40 967	66 941	41 512

Population forecast as of 2020	76 111	45 488	73 927	59 521
Average population growth over ten years' %	15%	16%	14%	54%

Table 12. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Järfälla is expected to have an average population growth over the coming decade of 15 percent. Sundbyberg is expected to have the largest average population growth of staggering 54 percent. This can be to Järfälla´s disadvantage as this potential flow of purchasing power remains in Sundbyberg or in the competing municipalities. However, it can also be an advantage for Järfälla if the potential purchasing power generated by the large average population growth in Sundbyberg instead flows into Järfälla´s retail centers.

Number of gainfully employed and inflow of commuters

	Järfälla	Upplands Väsby	Sollentuna	Sundbyberg
Daytime population (number of gainfully employed) 2010[1]	23 374	14 625	24 476	20 037
Index daytime population[2]	56	35	59	48

Table 13. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Järfälla has a medium size daytime population and medium sized index for daytime population when compared to the rest of the county, implying a moderate inflow of commuters to Järfälla for work. It seems that the high retail turnover in Järfälla can be derived from the many residents from other municipalities that travel to Järfälla to buy durables based on Järfälla´s high retail sales index in the durables sector as compared to the lower retail sales indexes for durables in the surrounding municipalities.

Prosperity and living conditions

	Järfälla	Upplands Väsby	Sollentuna	Sundbyberg
Earned income 2010, SEK	285 682	278 490	340 806	275 303
Mean of real and financial assets 2007, KSEK[1]	959	760	1 306	658
Mean net worth 2007, KSEK[2]	691	514	942	439

Proportion of population with tertiary education, %[3]	19%	15%	28%	22%
Number of holiday houses per thousand inhabitants[4]	1	3	2	0

Table 14. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Järfälla has the second highest earned income, mean of financial and real assets and mean net worth when compared to ts neighbor municipalities, which together with the strong retail sales index for durables, can explain why Järfälla is the second strongest retail area after Kungens Kurva in Huddinge in the county. Having households with a strong financial base and strong living conditions set bright outlooks for the municipalities´ retail centers as the strong financial positions and living conditions can translate into consumption in the retail centers.

Järfälla also has the second strongest distribution of disposable income of the four competing municipalities with 52 percent in the higher income bracket and 28 percent in the lower income bracket. Only Sollentuna has a stronger distribution of disposable income with 56 percent in the higher income bracket and 26 percent in the lower income bracket. The disposable income generates possibilities for the municipality if the disposable income flows into its retail centers.

4.3 Municipality and retail area of Täby

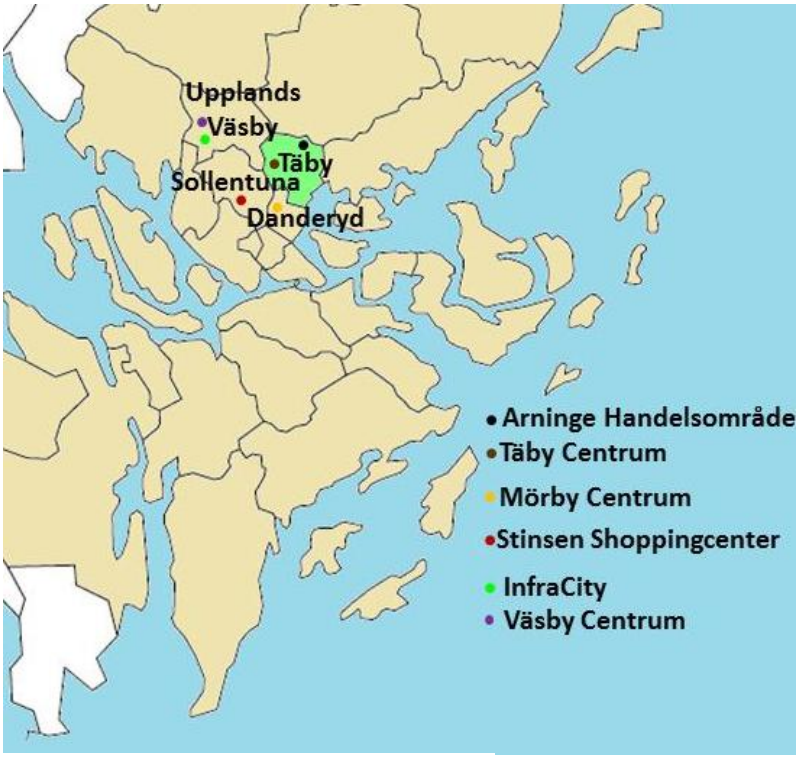

Figure 6. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	**Täby**	**Täby Centrum, Arninge Handelsområde**
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 15. Municipality ranks and larger retail centers

Summary of key features

Täby Centrum is a regional shopping center and is the third largest retail area in the county. Together with Arninge Handelsområde, a trade area, it ranks the municipality of Täby among the top three strongest municipalities in the county. The retail areas in the surrounding municipalities pose no threat with respect to retail turnover. Täby has very strong turnover in the non-durables and especially in the durables sector. It has high retail sales indexes that suggest an inflow of purchasing power as residents in the surrounding municipalities travel to Täby to buy their durables and non-durables. Täby also has the second strongest rent levels and yields in the county. The purchasing power is also enlarged by the high earned income, mean of real and financial assets and mean net worth of the residents in Täby municipality.

Mall facts

	Täby Centrum	Arninge Handelsområde	Mörby Centrum	Stinsen Shoppingcenter	InfraCity	Väsby Centrum
Retail turnover 2007, MSEK	2 015	1 009	630	638	698	630
Retail turnover 2010, MSEK[1]	2 419	-	-	-	-	-
Retail turnover	36 158	26 857	28 000	19 486	9 990	24 885

2007, MSEK/sq.m						
Lettable area, sq.m	55 728	37 570	22 500	32 741	69 868	25 316
Number of visitors, millions	9,8	2,6	5,8	2,7	-	5,7
Top tenants	Hemköp, ICA, Clas Ohlson	Coop Forum, Expert, Stadium	Åhlens, Hemköp, ICA Supermarket	Vinn Stormarknad, Clas Ohlson, H&M	El-giganten, PC City, Rusta	ICA Kvantum, Coop Extra, Stadium

Table 16. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Täby Centrum is one of the strongest retail areas in Stockholm County judging by its high yearly retail turnover and lettable area. It has the county´s third highest retail turnover after Kungens Kurva and Barkarby Handelsområde. Arninge Handelsområde also belongs to one of the county´s largest retail areas with its yearly retail turnover of 1.009 MSEK. None of the malls in the surrounding municipalities have retail turnovers near those in Täby municipality. The two strong retail areas in Täby make the investment outlook in Täby very positive.

Trade data

	Täby	**Danderyd**	**Sollentuna**	**Upplands Väsby**
Turnover non-durables sector 2010, MSEK	2 539	864	2 589	770
Turnover durables sector 2010, MSEK	3 441	500	2 393	1 366
Total retail sector turnover 2010, MSEK[4]	5 980	1 364	4 982	2 136
Percentage change in total retail turnover compared to previous year, %	2%	6%	15%	-2%
Sales index non-durables sector, 2010[1]	130	90	131	64
Sales index durables sector 2010,[1]	181	54	124	117
Total sales index 2010 retail sector[1]	155	72	128	90
Number of guest nights per capita[2, 3]	0	0	2	0

Table 17. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

In the county, Täby has the fifth strongest total retail sector turnover. When compared to its competing municipalities, Täby has the strongest total retail sector turnover. Only in the non-durables sector the municipality of Sollentuna has a slightly higher turnover.

As for the retail sales indexes, Täby´s large numbers indicate an inflow for consumption power of durables and non-durables from other municipalities, especially in the durables sector. Based on the turnover in the durables sector of 5.980 MSEK and the retail sales index in the durables sector of 181, one might argue that Täby has an especially strong position in this sector when compared to the nearby municipalities. Also when compared to the county as a whole, Täby ranks in third place in the durables sector. Sollentuna has the second strongest retail sales indexes, indicating an inflow of purchasing power to Sollentuna as well.

Financial ratios of the property market

Stores	Täby	Danderyd	Sollentuna	Upplands Väsby
Rent, SEK/sq.m/year	6 500	4 200	3 000	2 800
Yield, %	5,2%	6,2%	6,0%	6,5%
Vacancy rate, %	4,0%	5,0%	4,0%	5,0%

Table 18. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Täby has very strong rent levels and low yields when compared to the surrounding municipalities as well as when compared to the county. Only Stockholm municipality offers higher rents, lower yields and lower vacancy rates. Having a great location as near CBD of Stockholm as possible, enables a willingness to pay by tenants and generates the high rent levels, low yields and low vacancy rates.

Demographics

	Täby	Danderyd	Sollentuna	Upplands Väsby
Population as of 2012	65 351	32 058	66 941	40 967
Population forecast as of 2020	70 367	32 933	73 927	45 488

Average population growth over ten years' %	10%	5%	14%	16%

Table 19. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Täby is forecasted to have an average population growth of 10 percent over the coming decade, which is below the average population growth in the county and the competing municipalities of Sollentuna and Upplands Väsby. Still, the purchasing power in Täby might increase because of the average population growth in the coming decade.

Number of gainfully employed and inflow of commuters

	Täby	Danderyd	Sollentuna	Upplands Väsby
Daytime population (number of gainfully employed) 2010[1]	22 885	16 781	24 476	14 625
Index daytime population[2]	55	40	59	35

Table 20. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Täby has a medium sized daytime population when compared with the county and has a medium sized index for daytime population. These demand factors indicate a moderate inflow of daily commuters and thus a moderate inflow of purchasing power from areas outside of Täby. Only Sollentuna ranks higher than Täby with respect to daytime population and commuters. The medium sized index for daytime population translates into a moderate inflow of residents from the county to Täby for daily work, which suggests some inflow of purchasing power.

Prosperity and living conditions

	Täby	Danderyd	Sollentuna	Upplands Väsby
Earned income 2010, SEK	374 229	476 359	340 806	278 490
Mean of real and financial assets 2007, KSEK[1]	1 794	4 071	1 306	760
Mean net worth 2007, KSEK[2]	1 352	3 447	942	514
Proportion of population with tertiary education, %[3]	31%	42%	28%	15%
Number of holiday houses per thousand inhabitants[4]	2	5	2	3

Table 21. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Compared to the three municipalities, Täby is the second strongest with respect to earned income, mean of real and financial assets and mean net worth. When compared to the county as a whole, Täby is the third strongest municipality with respect to the financial positions of its households.

Täby has the second strongest distribution of disposable income of the four competing municipalities with 63 percent in the higher income bracket and 22 percent in the lower income bracket. Danderyd has a slightly stronger distribution of disposable income with 64 percent in the higher income bracket and 23 percent in the lower income bracket.

The strong financial position and living conditions of Täby´s households, together with the high amount of disposable income, most likely result in a strong purchasing power to the retail centers in Täby.

4.4 Municipality and retail area of Stockholm

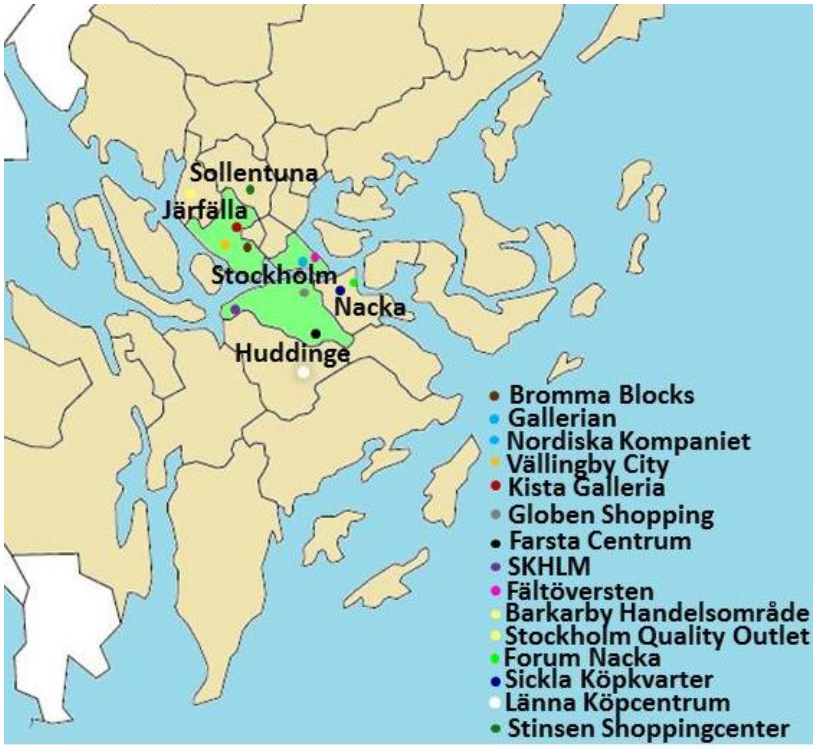

Figure 7. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	**Stockholm**	**Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten**
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 22. Municipality ranks and larger retail centers

Summary of key features

Stockholm municipality has many of the county´s strongest retail centers when considering size, retail turnover, tenant base and exposure. The competition in Stockholm municipality is largely made up of rivalry between the retail centers in the municipality. From the surrounding municipalities, Sickla Köpkvarter, Barkarby Handelsområde and Länna Köpcentrum are the largest competitors. Stockholm has the absolute strongest turnover in both the durables and non-durables sector. Stockholm ranks third in the total retail sales index sector, which implies an inflow of residents from the surrounding municipalities to Stockholm for consumption. Stockholm offers strong investment incentives as it has the highest rent levels and lowest yields. Stockholm also has a very large daytime population and the inflow of commuters generates strong possibilities for consumption in Stockholm municipalities' many malls.

Mall facts 1 (2)

	Bromma Blocks	Farsta Centrum	Gallerian	Globen Shopping	Kista Galleria	Nordiska Kompaniet	SKHLM
Retail turnover 2007, MSEK	1 165	1 638	1 300	550	1 860	1 940	1 372
Retail turnover 2010, MSEK[1]	1 242	1 920	1 511	-	2 101	-	-

Retail turnover 2007, MSEK/sq.m	45 068	36 781	54 167	33 732	32 915	90 128	21 572
Lettable area, sq.m	25 850	44 534	24 000	16 305	56 510	21 525	63 600
Number of visitors, millions	-	15,3	14,4	3,4	13,0	10,0	12,8
Top tenants	Coop Forum, Siba, Stadium	Åhlens, Hemköp, Coop Konsum	BR Leksaker, Clas Ohlson	ICA Globen, H&M, Lindex	SF, H&M, Coop Konsum	NK Glas, Porslin & Kök	Åhlens, Hemköp, Coop Konsum

Mall facts 2 (2)

	Vällingby City	**Fältöversten**	**Barkarby Handelsområde**	**Stockholm Quality Outlet**	**Forum Nacka**	**Sickla Köpkvarter**	**Länna Köpcentrum**	**Stinsen Shoppingcenter**
Retail turnover 2007, MSEK	950	833	2 490	354	607	1 884	1 311	638
Retail turnover 2010, MSEK[1]	-	-	-	-	1 638	2 707	-	-
Retail turnover 2007, MSEK/sq.m	21 739	46 503	28 838	30 759	23 868	32 310	24 570	19 486
Lettable area, sq.m	43 700	17 913	86 343	11 509	25 432	58 310	53 357	32 741
Number of visitors, millions	8,6	5,0	-	1,7	4,2	10,0	-	2,7
Top tenants	H&M, Åhlens, Kappahl	Sabis, Systembolaget, H&M	IKEA, Bauhaus, El-Giganten	Mexx, Peak Performance	Media Markt, Coop, H&M	ICA Kvantum, Åhlens	Eko, El-Giganten, Länna möbler	Vinn Stormarknad, Clas Ohlson, H&M

Table 23. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Stockholm municipality has some of the county´s strongest retail centers with respect to lettable area and yearly retail turnover. The retail areas in Stockholm have a wide and versatile tenant base that can attract different consumer segments. Of the surrounding malls, Barkarby Handelsområde, Sickla Köpkvarter and Länna Köpcentrum are the main competitors.

Of the ten retail areas with highest retail turnover in the county, five are made up of malls from Stockholm municipality, namely Nordiska Kompaniet, Kista Galleria, Farsta Centrum, SKHLM and Gallerian. Most of these are situated in favorable locations within the municipality where a large flow of consumers pass by on a daily basis and thus these retail centers have great exposure. The retail centers in Stockholm municipality mainly compete for the purchasing power with each other. However, from the surrounding municipalities, Sickla Köpkvarter, Barkarby Handelsområde and Länna Köpcentrum are the largest competitors.

Trade data

	Stockholm	Järfälla	Nacka	Huddinge	Sollentuna
Turnover non-durables sector 2010, MSEK	26 458	1 765	3 126	3 771	2 589
Turnover durables sector 2010, MSEK	32 897	5 119	3 104	7 153	2 393
Total retail sector turnover 2010, MSEK[4]	59 355	6 884	6 230	10 924	4 982
Percentage change in total retail turnover compared to previous year, %	6%	2%	5%	4%	15%
Sales index non-durables sector, 2010[1]	102	87	113	126	131
Sales index durables sector 2010,[1]	130	260	116	247	124
Total sales index 2010 retail sector[1]	116	172	114	185	128
Number of guest nights per capita[2, 3]	8	0	3	1	2

Table 24. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

As many malls constitute the base for the trade data, the municipality of Stockholm naturally obtain a very strong retail turnover data when compared to the retail turnover data in the other

municipalities in the county. However, the retail sales index in the non-durables sector is stronger in Nacka, Huddinge and Sollentuna. The retail sales index in the durables sector is stronger in Järfälla and Huddinge. Even though the retail sales indexes in Stockholm municipality are greater than 100, the larger retail sales indexes for these surrounding municipalities suggest that there exists a greater inflow of residents to these municipalities for consuming durables and non-durables than there is for Stockholm.

For the remaining municipalities that have retail sales indexes less than those of Stockholm, there is a greater inflow of residents to Stockholm than to these remaining municipalities for buying goods. With respect to the total retail sales index sector, Stockholm municipality ranks third after Huddinge and Järfälla and also has the second largest inflow of tourists in the county.

Financial ratios of the property market

Stores	Stockholm	Järfälla	Nacka	Huddinge	Sollentuna
Rent, SEK/sq.m/year	6 000-10 000	2 200	4 800	2 200	3 000
Yield, %	5,0%-5,5%	6,8%	6,0%	6,8%	6,0%
Vacancy rate, %	2,0%	5,0%	4,0%	4,0%	4,0%

Table 25. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Stockholm has the strongest rent levels, lowest yields and lowest vacancy rates in the county, offering strong investment incentives and making malls in Stockholm attractive investment objects. This is due to the centrality of the retail centers´ location in comparison to the rest of the county.

Demographics

	Stockholm	Järfälla	Nacka	Huddinge	Sollentuna
Population as of 2012	882 800	68 696	93 933	101 286	66 941
Population forecast as of 2020	993 836	76 111	112 086	113 867	73 927
Average population growth over ten years' %	17%	15%	24%	17%	14%

Table 26. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Stockholm is expected to experience an average population growth of 17 percent, which is equal to the average of the whole county, and has the highest population density in the county. The 17 percent in average population growth is very likely to translate into increased purchasing power to the retail centers in Stockholm municipality.

Also, the average population growth in the remaining municipalities in the county will also very likely translate into an increased purchasing power in Stockholm municipalities'' retail centers as many of the inhabitants in the remaining municipalities do their consumption in the various malls in the inner-city.

Number of gainfully employed and inflow of commuters

	Stockholm	Järfälla	Nacka	Huddinge	Sollentuna
Daytime population (number of gainfully employed) 2010[1]	589 796	23 374	33 038	42 244	24 476
Index daytime population[2]	1 423	56	80	102	59

Table 27. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Stockholm has the largest daytime population in the county and has the highest index for daytime population, which implies that many residents in the county commute to Stockholm on a daily basis for work. This large inflow of commuters generates rigorous settings for consumption in Stockholm municipalities' many retail centers. This inflow of purchasing power is quite stable and unwavering as the inner-city will always offer a special kind of shopping experience for the inhabitants of Stockholm County.

Prosperity and living conditions

	Stockholm	Järfälla	Nacka	Huddinge	Sollentuna
Earned income 2010, SEK	301 107	285 682	346 351	278 515	340 806
Mean of real and financial assets 2007, KSEK[1]	1 377	959	1 644	900	1 306
Mean net worth 2007, KSEK[2]	1 034	691	1 223	616	942
Proportion of population with tertiary education, %[3]	30%	19%	28%	18%	28%
Number of holiday houses per thousand inhabitants[4]	0	1	24	19	2

Table 28. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Stockholm has an earned income close to the average of the county as a whole. With respect to mean of real and financial assets and mean net worth, Stockholm belongs to the upper distribution of the median of the county as a whole. Thus, the good financial position and living conditions of the residents in Stockholm municipality offer sound consumption possibilities, especially considering the large range and availability of retail centers in the municipality.

4.5 Municipality and retail area of Nacka

Figure 8. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	**Nacka**	**Sickla Köpkvarter, Forum Nacka**
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 29. Municipality ranks and larger retail centers

Summary of key features

Sickla Köpkvarter is a regional shopping center in Nacka and is one of the largest retail areas in the county. Mainly Farsta Centrum and SKHLM have turnovers and lettable area of similar size as Sickla Köpkvarter. Nacka has the fourth strongest turnover in both the durables and non-durables sector in the county. Out of its surrounding municipalities, Nacka is only subject to competition from Stockholm municipality. Nacka´s retail sales index indicates a slight inflow of residents from other municipalities to Nacka for consumption. Nacka also experiences a good inflow of tourists and has strong rent levels and yields. It has a high daytime population with high levels of earned income and net worth compared to its neighbor municipalities. All these factors generate good conditions for Nacka´s retail centers.

Mall facts

	Sickla Köpkvarter	Forum Nacka	Tyresö Centrum	Värmdö Köpcentrum	Farsta Centrum	SKHLM	Globen Shopping
Retail turnover 2007, MSEK	1 884	607	598	476	1 638	1 372	550
Retail turnover 2010, MSEK[1]	2 707	1 638	-	-	1 920	-	-

Retail turnover 2007, MSEK/sq.m	32 310	23 868	28 840	34 024	36 781	21 572	33 732
Lettable area, sq.m	58 310	25 432	20 735	13 990	44 534	63 600	16 305
Number of visitors, millions	10,0	4,2	6,3	-	15,3	12,8	3,4
Top tenants	ICA Kvantum, Åhlens,	Media Markt, Coop Konsum,	Coop Extra, ICA Kvantum, H&M	ICA Kvantum, Willys, Lindex	Åhlens, Hemköp, Coop Konsum	Åhlens, Hemköp, Coop Konsum	ICA Globen, H&M, Lindex

Table 30. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Sickla Köpkvarter in Nacka is one of the largest retail areas in Stockholm County. It has the fifth largest yearly retail turnover in MSEK the fifth largest lettable area. Out of its competing municipalities, Farsta Centrum and SKHLM have retail turnovers in the same magnitude as Sickla Köpkvarter with 1.638 MSEK and 1.372 MSEK, respectively. The remaining retail centers place below the average of the retail turnover in the county.

Trade data

	Nacka	**Tyresö**	**Värmdö**	**Stockholm**
Turnover non-durables sector 2010, MSEK	3 126	1 042	1 478	26 458
Turnover durables sector 2010, MSEK	3 104	480	920	32 897
Total retail sector turnover 2010, MSEK[4]	6 230	1 522	2 398	59 355
Percentage change in total retail turnover compared to previous year, %	5%	4%	-3%	6%
Sales index non-durables sector, 2010[1]	113	79	126	102
Sales index durables sector 2010,[1]	116	38	81	130
Total sales index 2010 retail sector[1]	114	59	104	116

Number of guest nights per capita[2, 3]	3	0	3	8

Table 31. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

When comparing the municipalities, one has to consider that the turnover data is on an aggregated level and that a substantially larger number of malls constitute the base for the turnover data for Stockholm municipality as compared to the other municipalities. Thus, the turnover data for Stockholm municipality is many hundred times larger than it is for the other municipalities. Nacka has the fourth largest total retail turnover in the county as a whole and is significantly larger than the total retail turnover in Nacka´s competing municipalities. Nacka´s retail sales index slightly above 100 specifies that there is only a minor inflow of residents from neighbor municipalities to Nacka for consumption of retail goods and services. However, Nacka experiences a good inflow of tourists and has about 3 guest nights per capita.

Financial ratios of the property market

Stores	**Nacka**	**Tyresö**	**Värmdö**	**Stockholm**
Rent, SEK/sq.m/year	4 800	2 500	2 000	6 000-10 000
Yield, %	6,0%	6,5%	7,5%	5,0%-5,5%
Vacancy rate, %	4,0%	4,0%	6,0%	2,0%

Table 32. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Overall, Nacka has quite good rent levels and yields when compared to the county as a whole. Compared to its neighbor municipalities, only Stockholm municipality has stronger financial ratios. Having a good location generates a higher willingness to pay by tenants and enables higher rents and lower yields.

Demographics

	Nacka	Tyresö	Värmdö	Stockholm
Population as of 2012	93 933	43 915	39 696	882 800
Population forecast as of 2020	112 086	47 957	45 852	993 836
Average population growth over ten years' %	24%	12%	20%	17%

Table 33. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Nacka is expected to have a rather large average population growth over the coming decade, which implies a possibility of greater inflow of purchasing power to the retail centers in the municipality as compared to the other competing municipalities.

Number of gainfully employed and inflow of commuters

	Nacka	Tyresö	Värmdö	Stockholm
Daytime population (number of gainfully employed) 2010[1]	33 038	10 413	10 666	589 796
Index daytime population[2]	80	25	26	1 423

Table 34. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

After Stockholm municipality Nacka has the largest daytime population and the strongest index for daytime population out of the four competing municipalities. Tyresö and Värmdö have significantly lower daytime populations and indexes than Nacka. Actually, Nacka has the fifth largest daytime population and index for daytime population in the county, indicating a high inflow of daily commuters to Nacka and hence good conditions for growth in Nacka´s retail centers.

Prosperity and living conditions

	Nacka	Tyresö	Värmdö	Stockholm
Earned income 2010, SEK	346 351	304 375	308 084	301 107
Mean of real and financial assets 2007, KSEK[1]	1 644	1 129	1 409	1 377

Mean net worth 2007, KSEK[2]	1 223	802	967	1 034
Proportion of population with tertiary education, %[3]	28%	17%	17%	30%
Number of holiday houses per thousand inhabitants[4]	24	31	373	0

Table 35. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Nacka has quite high levels of earned income and net worth compared to its neighbor municipalities, implying sound conditions for the inflow purchasing power to Nacka´s retail centers. Compared to the county as a whole, Nacka belongs to the higher distribution as it ranks in fourth place.

Also having the third strongest distribution of disposable income of the four competing municipalities, with 55 percent in the higher income bracket and 27 percent in the lower income bracket, facilitates retail success in Nacka´s retail centers (given that the residents spend their disposable income in Nacka). Only Tyresö and Värmdö have stronger distributions of disposable income.

4.6 Municipality and retail area of Solna

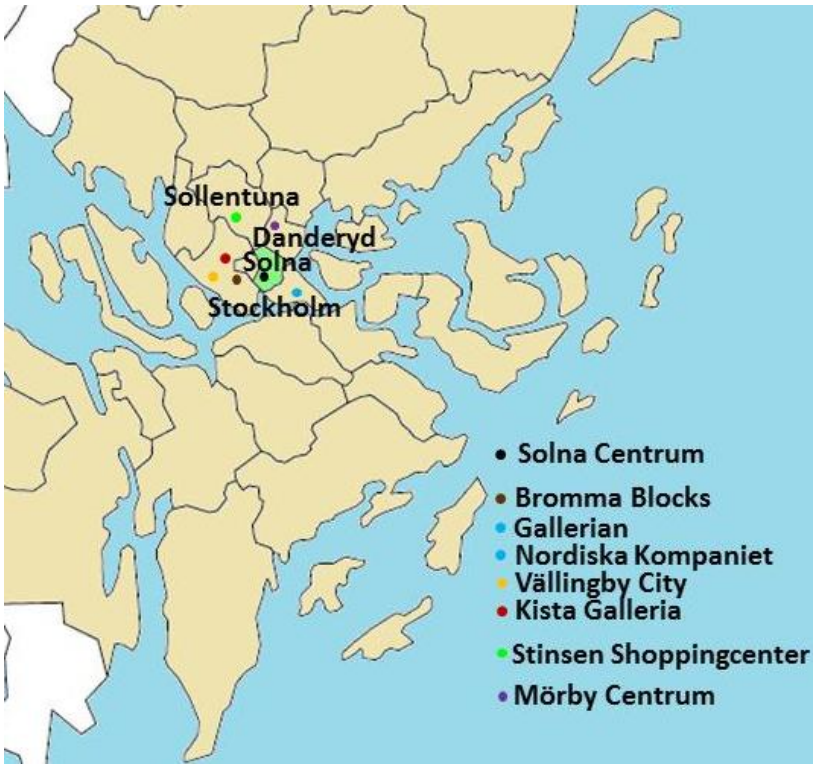

Figure 9. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	**Solna**	**Solna Centrum**
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 36. Municipality ranks and larger retail centers

Summary of key features

Solna Centrum, a community shopping center in Solna, is one of the county´s largest retail malls and has one of the largest lettable area in the county. Its main competition comes from the retail centers in Stockholm municipality. Solna´s turnover in the durables and non-durables sector ranks in the middle compared to the whole county and as third when compared to its neighbor municipalities. Its retail sales index, however, indicates that residents in Solna travel to other surrounding municipalities to buy their goods. However, Solna do have a rather large inflow of tourists and rather high rent levels and low yields. As the new project Mall of Scandinavia is finished in 2015 (http://www.mallofscandinavia.se/W/do/centre/hem), Solna is expected to attract consumers from surrounding municipalities.

Mall facts

	Solna Centrum	Bromma Blocks	Gallerian	Nordiska Kompaniet	Vällingby City	Kista Galleria	Stinsen Shoppingcenter	Mörby Centrum
Retail turnover 2007, MSEK	1 108	1 165	1 300	1 940	950	1 860	638	630
Retail turnover 2010, MSEK[1]	1 298	1 242	1 511	-	-	2 101	-	-

Retail turnover 2007, MSEK/sq.m	20 808	45 068	54 167	90 128	21 739	32 915	19 486	28 000
Lettable area, sq.m	53 249	25 850	24 000	21 525	43 700	56 510	32 741	22 500
Number of visitors, millions	7,7	-	14,4	10,0	8,6	13,0	2,7	5,8
Top tenants	ICA, Clas Ohlson, Stadium	Coop Forum, Siba, Stadium	BR Leksaker, Clas Ohlson	NK Glas, Porslin & Kök	H&M, Åhlens, Kappahl	SF, H&M, Coop Konsum	Vinn Stormarknad, Clas Ohlson, H&M	Åhlens, Hemköp, ICA Supermarket

Table 37. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Solna Centrum is one of Stockholm county´s largest retail centers with a yearly retail turnover of 1.108 MSEK and the ninth largest lettable area in the county. It has the second largest lettable retail area out of its competing malls. When compared to the competing retail centers in its neighbor municipalities, Solna is mainly subjected to competition from Bromma Blocks, Gallerian, Nordiska Kompaniet, Vällingb City and Kista Galleria in Stockholm municipality. It has a larger retail turnover than the competing retail centers in Sollentuna and Danderyd and also ranks well above the average yearly retail turnover in the county.

Trade data

	Solna	**Stockholm**	**Sundbyberg**	**Sollentuna**	**Danderyd**
Turnover non-durables sector 2010, MSEK	1 817	26 458	1 115	2 589	864
Turnover durables sector 2010, MSEK	1 491	32 897	573	2 393	500
Total retail sector turnover 2010, MSEK[4]	3 308	59 355	1 688	4 982	1 364
Percentage change in total retail turnover compared to previous year, %	3%	6%	-1%	15%	6%
Sales index non-durables sector, 2010[1]	87	102	94	131	90
Sales index durables sector 2010,[1]	73	130	50	124	54

Total sales index 2010 retail sector[1]	80	116	72	128	72
Number of guest nights per capita[2, 3]	4	8	0	2	0

Table 38. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

Since the trade data consists of a many more retail centers for Stockholm municipality, the turnover data for Stockholm municipality is many times larger than for the remaining municipalities. Thus, Solna will be compared with the remaining competing municipalities when evaluating the size of its turnover data.

Solna has the third strongest turnover data in the total retail sector in comparison with the surrounding municipalities. Only Sollentuna (and Stockholm), ranking ninth in the yearly retail turnover, has a larger turnover in the total retail sector. In comparison to the county as a whole, Solna ranks in the middle when considering the turnover rates in the total retail sector. Solna´s retail sales indexes below 100 suggest that the residents in Solna prefer to travel to other surrounding municipalities to buy their durable and non-duarable goods. Stockholm and Sollentuna are two possible municipalities the residents of Solna consume in when judging their retail sales indexes above 100. However, out of the competing municipalities, Solna has the second largest inflow of tourist, which suggests some inflow of purchasing power.

Financial ratios of the property market

Stores	**Solna**	**Stockholm**	**Sundbyberg**	**Sollentuna**	**Danderyd**
Rent, SEK/sq.m/year	4 700	6 000-10 000	2 200	3 000	4 200
Yield, %	6,0%	5,0%-5,5%	6,8%	6,5%	6,2%
Vacancy rate, %	5,0%	2,0%	5,0%	4,0%	5,0%

Table 39. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Despite having a weaker turnover in the total retail sales sector, Solna has rather high rent levels and low yields when compared to its surrounding municipalities. This is due to the fact that Solna has a better location and closer proximity to the CBD of Stockholm than its competing municipalities (except for Stockholm municipality). Thus, Stockholm municipality naturally offers the highest rents, lowest yields and lowest vacancy rates.

Demographics

	Solna	Stockholm	Sundbyberg	Sollentuna	Danderyd
Population as of 2012	72 447	882 800	41 512	66 941	32 058
Population forecast as of 2020	91 526	993 836	59 521	73 927	32 933
Average population growth over ten years' %	34%	17%	54%	14%	5%

Table 40. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Solna is expected to have the second largest average population growth over the coming decade after its neighbor municipality Sundbyberg. As Sundbyberg lacks any larger retail areas, one might suggest that there might be some inflow of purchasing power from Sundbyberg to Solna in the future when considering the ongoing construction of Mall of Scandinavia. Hence, in the coming decade Solna may experience an extra-large inflow of purchasing power from its own average population growth, Sundyberg´s average population growth and the construction of Mall of Scandinavia.

Number of gainfully employed and inflow of commuters

	Solna	Stockholm	Sundbyberg	Sollentuna	Danderyd
Daytime population (number of gainfully employed) 2010[1]	69 503	589 796	20 037	24 476	16 781
Index daytime population[2]	168	1 423	48	59	40

Table 41. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Huddinge has the second largest daytime population when compared to its neighbor municipalities and has a high index for daytime population. This suggests that many residents in the county commute to Solna on a daily basis for work and that this inflow of commuters generates stable conditions for consumption in Solna.

Considering the construction of Mall of Scandinavia and all the new office and retail space that will come with it, the daytime population and number of commuters will increase in the coming years, most likely resulting in eve stronger retail strength for Solna.

Prosperity and living conditions

	Solna	Stockholm	Sundbyberg	Sollentuna	Danderyd
Earned income 2010, SEK	293 328	301 107	275 303	340 806	476 359
Mean of real and financial assets 2007, KSEK[1]	1 026	1 377	658	1 306	4 071
Mean net worth 2007, KSEK[2]	708	1 034	439	942	3 447
Proportion of population with tertiary education, %[3]	31%	30%	22%	28%	42%
Number of holiday houses per thousand inhabitants[4]	0	0	0	2	5

Table 42. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Solna is the fourth strongest municipality with respect to earned income, mean of real and financial assets and mean net worth, followed by Sundbyberg. Compared to the county as a whole, Solna belongs to the middle distribution of the median to with respect to the mean of real and financial assets and mean net worth.

Solna has the third strongest distribution of disposable income of the four competing municipalities with 43 percent in the higher income bracket and 35 percent in the lower income bracket. Only Sollentuna and Danderyd have stronger distributions of disposable income.

The sound financials of the residents in the municipality offer Solna´s retail centers possible purchasing power if the residents spend their disposable income in Solna.

4.7 Municipality and retail area of Upplands Väsby

Figure 10. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	**Upplands Väsby**	**Infra City, Väsby Centrum**
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 43. Municipality ranks and larger retail centers

Summary of key features

InfraCity is a trade area in Upplands Väsby. It has the largest retail area of durable goods in the county and offers the widest range of durables to consumers. It has a medium sized retail turnover which is the fourth largest out of the other retail centers in its surrounding municipalities. The turnover in both the durables and non-durables sector together with the retail sales indexes are less for Upplands Väsby than for its neighbor municipalities. Upplands Väsby also experienced a negative sales trend in 2010. There is a rather small inflow of workers and purchasing power to Upplands Väsby during daytime. Thus, the inflow of purchasing power to Upplands Väsby is most likely made up of residents in the county traveling to Upplands Väsby by car during afternoons or weekends to consume durables.

Mall facts

	InfraCity	Väsby Centrum	Täby Centrum	Arninge Handelsområde	Stinsen Shoppingcenter	Eurostop Arlandastad	Barkarby Handelsområde	Stockholm Quality Outlet
Retail turnover 2007, MSEK	698	630	2 015	1 009	638	488	2 490	354
Retail turnover 2010, MSEK[1]	-	-	2 419	-	-	-	-	-

Retail turnover 2007, MSEK/sq.m	9 990	24 885	36 158	26 857	19 486	15 572	28 838	30 759
Lettable area, sq.m	69 868	25 316	55 728	37 570	32 741	31 339	86 343	11 509
Number of visitors, millions	-	5,7	9,8	2,6	2,7	2,1	-	1,7
Top tenants	El-giganten, PC City, Rusta	ICA Kvantum, Coop, Stadium	Hemköp, ICA, Clas Ohlson	Coop Forum, Expert, Stadium	Vinn Stormarknad, Clas Ohlson, H&M	ICA Maxi, Stadium, H&M	IKEA, Bauhaus, El-Giganten	Mexx, Peak Performance

Table 44. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

InfraCity offers the third largest lettable area in the county, which mainly consists of tenants that trade durable goods. In fact, InfraCity is the retail area in the county that offers the largest range of durable goods. Its yearly retail turnover, however, is of medium size and below the average of the county. However, when compared to its neighbor municipalities, InfraCity has the fourth largest retail turnover after Barkarby Handelsområde, Arninge Handelsområde and Täby Centrum.

It might be the case that, even though Upplands Väsby has a rather small to medium sized retail turnover, the large range of durable goods offered to consumers in InfraCity is what attracts purchasing power to the mall and thereby also allows Upplands Väsby to be the seventh strongest retail municipality in the county.

Trade data

	Upplands Väsby	**Täby**	**Sollentuna**	**Sigtuna**	**Järfälla**
Turnover non-durables sector 2010, MSEK	770	2 539	2 589	988	1 765
Turnover durables sector 2010, MSEK	1 366	3 441	2 393	754	5 119
Total retail sector turnover 2010, MSEK[4]	2 136	5 980	4 982	1 742	6 884
Percentage change in total retail turnover compared to previous year, %	-2%	2%	15%	5%	2%
Sales index non-durables sector, 2010[1]	64	130	131	81	87
Sales index durables sector 2010,[1]	117	181	124	63	260

Total sales index 2010 retail sector[1]	90	155	128	72	172
Number of guest nights per capita[2, 3]	0	0	2	14	0

Table 45. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

Judging by the turnover in the durables and non-durables sector, it is apparent that the durables sector is the dominating one in Upplands Väsby as it is almost twice as large as the retail turnover in the non-durables sector. The majority of the surrounding municipalities, however, have higher retail turnovers.

As of 2010, Upplands Väsby also experienced a negative sales trend as the percentage change in its total retail turnover as compared to the previous year. Although Upplands Väsby has a positive retail sales index in the durables sector, indicating an inflow of residents in the county to Upplands Väsby to buy durable goods, the competing municipalities have stronger retail sales indexes (except for Sigtuna).

Financial ratios of the property market

Stores	**Upplands Väsby**	**Täby**	**Sollentuna**	**Sigtuna**	**Järfälla**
Rent, SEK/sq.m/year	2 800	6 500	3 000	1 600	2 200
Yield, %	6,5%	5,2%	6,0%	8,0%	6,8%
Vacancy rate, %	5,0%	4,0%	4,0%	7,0%	5,0%

Table 46. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Upplands Väsby has the third highest rent levels and lowest yields compared to its surrounding municipalties, with Järfälla and Sigtuna close behind. Sollentuna has somewhat higher rent levels and lower yields. Upplands Väsby is quite far off from the CBD of Stockholm, which explains the weaker rent levels and yields.

Demographics

	Upplands Väsby	Täby	Sollentuna	Sigtuna	Järfälla
Population as of 2012	40 967	65 351	66 941	43 849	68 696
Population forecast as of 2020	45 488	70 367	73 927	49 302	76 111
Average population growth over ten years' %	16%	10%	14%	23%	15%

Table 47. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Upplands Väsby is forecasted to have the second largest average population growth over the coming decade compared to its neighbor municipalities and thus is likely to gain purchasing power over the coming ten year period, both from the population growth within its own municipality as well as from the growth from its neighbor municipalities as Upplands Väsby is the natural selection in the county for consuming durables.

Number of gainfully employed and inflow of commuters

	Upplands Väsby	Täby	Sollentuna	Sigtuna	Järfälla
Daytime population (number of gainfully employed) 2010[1]	14 625	22 885	24 476	25 655	23 374
Index daytime population[2]	35	55	59	62	56

Table 48. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Upplands Väsby has the smallest daytime population out of the five municipalities and has the weakest index for daytime population, which implies that Upplands Väsby performs below the average of the county when it comes to how many residents in the county that commute to Upplands Väsby on a daily basis for work. Thus, there is a rather small inflow of possible consumers and purchasing power to Upplands Väsby during daytime. The inflow of purchasing power to Upplands Väsby is presumably made up of residents traveling to Upplands Väsby by car during afternoons or weekends form purchasing durables in the largest retail center for durables in the county; InfraCity.

Prosperity and living conditions

	Upplands Väsby	Täby	Sollentuna	Sigtuna	Järfälla
Earned income 2010, SEK	278 490	374 229	340 806	268 225	285 682
Mean of real and financial assets 2007, KSEK[1]	760	1 794	1 306	783	959
Mean net worth 2007, KSEK[2]	514	1 352	942	517	691
Proportion of population with tertiary education, %[3]	15%	31%	28%	14%	19%
Number of holiday houses per thousand inhabitants[4]	3	2	2	12	1

Table 49. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Upplands Väsby has an earned income, mean of real and financial assets and mean net worth greatly below the average of the county. Out of its competing municipalities, Upplands Vsby is the second weakest. Only Täby and Sollentuna belong to the upper distribution of the median of the county.

Upplands Väsby has the weakest distribution of disposable income of the five competing municipalities with 47 percent in the higher income bracket and 31 percent in the lower income bracket.

The weak financial position of Upplands Väsby´s residents imply that the inflow of purchasing power from the residents is quite weak. A higher disposable income and an overall stronger financial position and living conditions of the inhabitants in Upplands Väsby would be preferred for improving Upplands Väsby´s retail strength.

4.8 Municipality and retail area of Haninge

Figure 11. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	**Haninge**	**Haninge Centrum**
9	Sollentuna	Stinsen Shoppingcenter
10	Danderyd	Mörby Centrum

Table 50. Municipality ranks and larger retail centers

Summary of key features

Haninge Centrum is a community shopping center that has a medium retail area as well as a medium retail turnover when compared to the rather strong retails areas in its competing municipality of Huddinge. Haninge´s strongest feature is its retail turnover per square feet which is only outperformed by any large numbers by Kungens Kurva in Huddinge. Haninge only has the third largest total retail turnover amongst the four municipalities. However, it has strong retail sales indexes, indicating that almost all of the residents in Haninge buy their goods in the municipality. Haninge also has a relatively strong daytime population, indicating a good inflow of purchasing power to the municipality. The rent levels in Haninge are good but accompanied with high yields.

Mall facts

	Haninge Centrum	Tyresö Centrum	Kungens Kurva	Länna Köpcentrum	Heron City	Tumba Centrum
Retail turnover 2007, MSEK	681	598	4 785	1 311	1 007	322
Retail turnover 2010, MSEK[1]	-	-	-	-	1 199	-
Retail turnover 2007, MSEK/sq.m	26 117	28 840	38 024	24 570	22 446	20 533

Lettable area, sq.m	26 075	20 735	125 840	53 357	44 863	15 682
Number of visitors, millions	5,7	6,3	-	-	5,3	3,2
Top tenants	Lidl, Vi Superstore, H&M	Coop Extra, ICA Kvantum, H&M	IKEA, City Gross, ICA Kvantum	Eko, El-Giganten, Länna möbler	Mio, Media Markt, Willys	Lidl, ICA Kvantum, H&M

Table 51. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Haninge Centrum is a medium sized mall situated in the outer skirts of Stockholm County and has about 5,7 million visitors each year. Compared to the strong competing malls in its neighborhood municipality Huddinge, Haninge Centrum ranks in the medium category with respect to yearly retail turnover as well as retail space. When comparing Haninge Centrum´s retail turnover measured in turnover per square feet of lettable area, Haninge Centrum performs quite well in comparison to the larger malls in Huddinge with its retail turnover of 26 117 MSEK/sq.m. of the malls in Huddinge, only Kungens Kurva outperforms Haninge Centrum when measuring retail turnover in MSEK/sq.m.

When comparing Haninge Centrum to its northern neighborhood municipality Tyresö, the competing municipality only outperforms Haninge Centrum slightly in its retail turnover per square feet of lettable area and number of visitors. When comparing Haninge Centrum to its western neighborhood municipality Tumba, Haninge Centrum is stronger in every category.

Trade data

	Haninge	**Tyresö**	**Huddinge**	**Botkyrka**
Turnover non-durables sector 2010, MSEK	2 286	1 042	3 771	2 365
Turnover durables sector 2010, MSEK	1 459	480	7 153	1 469
Total retail sector turnover 2010, MSEK[4]	3 745	1 522	10 924	3 834
Percentage change in total retail turnover compared to previous year, %	2%	4%	4%	2%
Sales index non-durables sector, 2010[1]	97	79	126	93
Sales index durables sector 2010,[1]	64	38	247	60
Total sales index 2010 retail sector[1]	80	59	185	77

Number of guest nights per capita[2, 3]	2	0	1	0

Table 52. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

Haninge has the third largest total retail turnover compared to its surrounding municipalities and is only turning over more than Tyresö. However, its retail sales index in the non-durables sector is very close to 100, indicating that almost all of the residents in Haninge buy their non-durable goods in Haninge municipality. Only Huddinge has an index in the non-durables sector larger than 100, indicating an inflow of residents buying non-durable goods from the other municipalities to Huddinge. In the durables sector, Haninge has the second largest retail sales index, although it is quite low (64). In the retail sector as a whole, Haninge´s retail sales index places second of the municipalities, which indicates a quite stable flow of residents in Haninge buying retail goods from the municipality and a small portion of the residents in Haninge travelling to other surrounding municipalities to buy their retail goods. As for the inflow of tourists, Haninge has the highest amount of guest nights per capita.

Financial ratios of the property market

Stores	**Haninge**	**Tyresö**	**Huddinge**	**Botkyrka**
Rent, SEK/sq.m/year	2 700	2 500	2 200	2 000
Yield, %	6,3%	6,5%	6,8%	7,5%
Vacancy rate, %	3,0%	4,0%	4,0%	6,0%

Table 53. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

The standard values compiled by Datscha, indicate rather high rent levels compared to Haninge´s competing municipalities but unfortunately also rather high yields. Judging by the yield, Haninge places at the bottom of the four municipalities together with Botkyrka. This is most likely due to the location factor as Haninge is located far off form the CBD of Stockholm.

Demographics

	Haninge	Tyresö	Huddinge	Botkyrka
Population as of 2012	79 884	43 915	101 286	86 155
Population forecast as of 2020	83 469	47 957	113 867	94 845
Average population growth over ten years' %	8%	12%	17%	15%

Table 54. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Out of the four municipalities, Haninge is projected to experience a modest average population growth over the coming decade. The slight expected increase in the population suggest that Haninge is likely to experience a rather weak increase in the future purchasing power. If the flow of the residents of Haninge prefer to travel to other municipalities for consuming retail goods and services, then this future development seems even more depressing for the retail centers in Haninge.

Number of gainfully employed and inflow of commuters

	Haninge	Tyresö	Huddinge	Botkyrka
Daytime population (number of gainfully employed) 2010[1]	24 744	10 413	42 244	22 637
Index daytime population[2]	60	25	102	55

Table 55. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Haninge has a rather large daytime population, indicating that a high amount of people commute to the municipality during daytime to work. Consequently, Haninge has a strong inflow of purchasing power. This result is also demonstrated by Haninge´s high index for daytime population, which implies that Haninge is doing quite good compared to the average daytime population in Stockholm county´s municipalities. Only Huddinge shows stronger results in the daytime population categories.

Prosperity and living conditions

	Haninge	Tyresö	Huddinge	Botkyrka
Earned income 2010, SEK	261 031	304 375	278 515	236 751

Mean of real and financial assets 2007, KSEK[1]	804	1 129	900	562
Mean net worth 2007, KSEK[2]	553	802	616	365
Proportion of population with tertiary education, %[3]	12%	17%	18%	14%
Number of holiday houses per thousand inhabitants[4]	77	31	19	13

Table 56. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Compared to the four competing municipalities, Haninge places third best with respect to earned income, mean real and financial assets and mean net worth. Compared to the county as a whole, Haninge belongs to the lower distribution. However, it does outperform Botkyrka, which places last in all categories when compared to all municipalities in the county. The level of education in Haninge is also one of the lowest in the county as a whole. However, Haninge has the largest amount of holiday houses per thousand inhabitants out of the four municipalities.

The distribution of disposable income in Haninge is somewhat better in the lower income bracket compared to Huddinge and Botkyrka. The most favorable income patterns out of the four municipalities are demonstrated by Tyresö.

The weak position of Haninge´s households, considering their financial situation and their living conditions, could be better if Haninge is to rise in the ranking of retail areas in Stockholm County.

4.9 Municipality and retail area of Sollentuna

Figure 12. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	**Sollentuna**	**Stinsen Shoppingcenter**
10	Danderyd	Mörby Centrum

Table 57. Municipality ranks and larger retail centers

Summary of key features

Stinsen Shoppingcenter, a regional shopping center in Sollentuna, has a medium sized yearly retail turnover and lettable area when compared to the neighbor retail areas in the county. Sollentuna is strongest in the non-durables sector when compared to its surrounding municipalities and has the third largest total retail turnover and has had the largest percentage change in its total retail turnover in the whole of Stockholm County. The size of its retail sales index also indicates that consumers in the surrounding municipalities travel to Sollentuna when buying their goods. Sollentuna has a high inflow of purchasing power as many commute to Sollentuna on a daily basis for work and as many gainfully employed in the municipality also reside in it.

Mall facts

	Stinsen Shoppingcenter	InfraCity	Väsby Centrum	Arninge Handelsområde	Täby Centrum	Mörby Centrum	Solna Centrum	Barkarby Handelsområde	Stockholm Quality Outlet
Retail turnover 2007, MSEK	638	698	630	1 009	2 015	630	1 108	2 490	354
Retail turnover 2010, MSEK[1]	-	-	-	-	2 419	-	1 298	-	-

Retail turnover 2007, MSEK/sq.m	19 486	9 990	24 885	26 857	36 158	28 000	20 808	28 838	30 759
Lettable area, sq.m	32 741	69 868	25 316	37 570	55 728	22 500	53 249	86 343	11 509
Number of visitors, millions	2,7	-	5,7	2,6	9,8	5,8	7,7	-	1,7
Top tenants	Vinn Stormarknad, Clas Ohlson, H&M	El-giganten, PC City, Rusta	ICA Kvantum, Coop Stadium	Coop Forum, Expert, Stadium	Hemköp, ICA, Clas Ohlson	Åhlens, Hemköp, ICA Supermarket	ICA, Clas Ohlson, Stadium	IKEA, Bauhaus, El-Giganten	Mexx, Peak Performance

Table 58. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Stinsen Shoppingcenter has a medium sized yearly retail turnover when compared to the retail areas in the county as a whole and is the ninth largest retail area. Five malls in its competing municipalities have a larger turnover and three have a smaller turnover. Stinsen Shoppingcenter is thus subjected to a fairly large competition from its neighbor municipalities. With respect to the retail turnover in the county as a whole however, Stinsen Shoppingcenter still has a larger retail turnover than about 60 percent of the selected malls in the county.

Trade data

	Sollentuna	**Upplands Väsby**	**Täby**	**Danderyd**	**Solna**	**Järfälla**
Turnover non-durables sector 2010, MSEK	2 589	770	2 539	864	1 817	1 765
Turnover durables sector 2010, MSEK	2 393	1 366	3 441	500	1 491	5 119
Total retail sector turnover 2010, MSEK[4]	4 982	2 136	5 980	1 364	3 308	6 884
Percentage change in total retail turnover compared to previous year, %	15%	-2%	2%	6%	3%	2%
Sales index non-durables sector, 2010[1]	131	64	130	90	87	87

Sales index durables sector 2010,[1]	124	117	181	54	73	260
Total sales index 2010 retail sector[1]	128	90	155	72	80	172
Number of guest nights per capita[2, 3]	2	0	0	0	4	0

Table 59. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

Sollentuna is the largest retail mall in the non-durables sector when compared to its surrounding municipalities and the third largest in the durables sector and in the total retail sector. It has experienced the largest percentage change in its total retail turnover both when compared to its surrounding municipalities and when compared to all the municipalities in the whole county. The retail sales index for Sollentuna above 100, in combination with retail sales indexes less than 100 in some of the surrounding municipalities, implies that consumers in the neighbor municipalities travel to Sollentuna for consuming durable and non-durable goods. Apart from Solna, Sollentuna also has a higher inflow of tourist than with respect to the amount of guest nights per capita.

Financial ratios of the property market

Stores	**Sollentuna**	**Upplands Väsby**	**Täby**	**Danderyd**	**Solna**	**Järfälla**
Rent, SEK/sq.m/year	3 000	2 800	6 500	4 200	4 700	2 200
Yield, %	6,0%	6,5%	5,2%	6,2%	6,0%	6,8%
Vacancy rate, %	4,0%	5,0%	4,0%	5,0%	5,0%	5,0%

Table 60. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Compared to the competing municipalities, Sollentuna ranks in the middle when considering its rent levels, yields and vacancy rates. Upplands Väsby ranks close behind Sollentuna followed by Järfälla. Danderyd, Solna and Täby all rank highly above Sollentuna. This can again be explained by the

location factor as Sollentuna locates further out from CBD of Stockholm and as the transportation infrastructure (buses, metro etc.) to Sollentuna is weaker than it is for Danderyd, Solna and Täby.

Demographics

	Sollentuna	Upplands Väsby	Täby	Danderyd	Solna	Järfälla
Population as of 2012	66 941	40 967	65 351	32 058	72 447	68 696
Population forecast as of 2020	73 927	45 488	70 367	32 933	91 526	76 111
Average population growth over ten years' %	14%	16%	10%	5%	34%	15%

Table 61. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Sollentuna is expected to have a modest average population increase over the coming decade and consequently, the increase in the future purchasing power of Sollentuna can also be stated as modest. However, considering the strong retail sales indexes for Sollentuna, this suggests that some of the purchasing power from the population growth in the surrounding municipalities will be attracted to Sollentuna.

Number of gainfully employed and inflow of commuters

	Sollentuna	Upplands Väsby	Täby	Danderyd	Solna	Järfälla
Daytime population (number of gainfully employed) 2010[1]	24 476	14 625	22 885	16 781	69 503	23 374
Index daytime population[2]	59	35	55	40	168	56

Table 62. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Sollentuna has a fairly high daytime population and employment intensity when compared to the surrounding municipalities. As rather many people in the county commute to Sollentuna on a daily basis for work and the amount of gainfully employed who also reside in the municipality is high, there exists good conditions for consumption in Sollentuna´s retail centers.

Prosperity and living conditions

	Sollentuna	Upplands Väsby	Täby	Danderyd	Solna	Järfälla
Earned income 2010, SEK	340 806	278 490	374 229	476 359	293 328	285 682
Mean of real and financial assets 2007, KSEK[1]	1 306	760	1 794	4 071	1 026	959
Mean net worth 2007, KSEK[2]	942	514	1 352	3 447	708	691
Proportion of population with tertiary education, %[3]	28%	15%	31%	42%	31%	19%
Number of holiday houses per thousand inhabitants[4]	2	3	2	5	0	1

Table 63. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Out of the six municipalities, Sollentuna ranks the second strongest with respect to earned income, mean of real and financial assets and mean net worth. Compared to the county as a whole, Sollentuna ranks in ninth place. Only Danderyd ranks higher as its residents have the best financial conditions in the whole of Stockholm County.

Sollentuna has the third strongest distribution of disposable income of the competing municipalities with 56 percent in the higher income bracket and 26 percent in the lower income bracket. Only Danderyd and Täby have a stronger distribution.

These strong financial positions and living conditions of the households in Sollentuna, are positive for the municipality given that the households spend part of their disposable income in their own municipality.

4.10 Municipality and retail area of Danderyd

Figure 13. Map of retail area

Rank	Municiplity	Larger retail areas
1	Huddinge	Heron City, Kungens Kurva, Länna Köpcentrum
2	Järfälla	Barkarby Handelsområde, Stockholm Quality Outlet
3	Täby	Täby Centrum, Arninge Handelsområde
4	Stockholm	Bromma Blocks, Farsta Centrum, Gallerian, Globen Shopping, Kista Galleria, NK, SKHLM, Vällingby City, Fältöversten
5	Nacka	Sickla Köpkvarter, Forum Nacka
6	Solna	Solna Centrum
7	Upplands Väsby	Infra City, Väsby Centrum
8	Haninge	Haninge Centrum
9	Sollentuna	Stinsen Shoppingcenter
10	**Danderyd**	**Mörby Centrum**

Table 64. Municipality ranks and larger retail centers

Summary of key features

Mörby Centrum is a community shopping center and is a small to medium sized mall with the tenth largest yearly retail turnover in the county. Compared to its surrounding municipalities, Mörby Centrum has the weakest turnover. Danderyd has a weak turnover in the durables and non-durables sector and has retail sales indexes significantly smaller than its surrounding municipalities, which indicates that the residents in Danderyd travel out to other municipalities to buy their goods. Furthermore, not many residents from the county travel to Danderyd for their daily work. However, Danderyd has the absolute highest earned income, mean of real and financial assets and mean net worth in the county, which can explain why Mörby Centrum ranks in the top ten retail areas in Stockholm County despite performing weaker than many municipalities in other categories.

Mall facts

	Mörby Centrum	Arninge Handelsområde	Täby Centrum	Stinsen Shoppingcenter	Solna Centrum	Gallerian	Nordiska Kompaniet	Kista Galleria
Retail turnover 2007, MSEK	630	1 009	2 015	638	1 108	1 300	1 940	1 860
Retail turnover 2010, MSEK[1]	-	-	2 419	-	1 298	1 511	-	2 101
Retail turnover	28 000	26 857	36 158	19 486	20 808	54 167	90 128	32 915

2007, MSEK/sq.m								
Lettable area, sq.m	22 500	37 570	55 728	32 741	53 249	24 000	21 525	56 510
Number of visitors, millions	5,8	2,6	9,8	2,7	7,7	14,4	10,0	13,0
Top tenants	Åhlens, Hemköp, ICA	Coop Forum, Expert, Stadium	Hemköp, ICA, Clas Ohlson	Vinn Stormarknad, Clas Ohlson, H&M	ICA, Clas Ohlson, Stadium	BR Leksaker, Clas Ohlson	NK Glas, Porslin & Kök	SF, H&M, Coop Konsum

Table 65. Retail center specific facts

Source: Centrumutveckling, 2009

Note:

1) HUI Research, 2011

Mörby Centrum belongs to the top ten largest retail areas in the county measured in yearly retail turnover and has a small to medium sized lettable area. As for the surrounding municipalities, the majority of the malls have significantly larger turnovers than Mörby Centrum.

Trade data

	Danderyd	**Täby**	**Sollentuna**	**Solna**	**Stockholm**
Turnover non-durables sector 2010, MSEK	864	2 539	2 589	1 817	26 458
Turnover durables sector 2010, MSEK	500	3 441	2 393	1 491	32 897
Total retail sector turnover 2010, MSEK[4]	1 364	5 980	4 982	3 308	59 355
Percentage change in total retail turnover compared to previous year, %	6%	2%	15%	3%	6%
Sales index non-durables sector, 2010[1]	90	130	131	87	102
Sales index durables sector 2010,[1]	54	181	124	73	130
Total sales index 2010 retail sector[1]	72	155	128	80	116
Number of guest nights per capita[2, 3]	0	0	2	4	8

Table 66. Trade data on municipality level

Source: Database HUI Research, 2012

Note:

1) Sales index 100 = all residents in the municipality buy their goods in the municipality they reside in

Sales index <100 = residents in the municipality buy their goods in other municipalities than their municipality of residence

Sales index >100 = residents from other municipalities buy their goods in the municipality

2) Database Statistics Sweden, 2012

3) Number of hotels, hostels and holiday villages per capita

4) Total retail turnover includes both durables and non-durables

Danderyd has rather weak turnover data in the non-durables and durables sector when compared to its surrounding municipalities and the county as a whole. The small retail sales indexes for Danderyd in combination with the rather strong retail sales indexes for the neighbor municipalities indicate that residents in Danderyd travel out from Danderyd to the neighbor municipalities for consuming their goods and services.

Financial ratios of the property market

Stores	Danderyd	Täby	Sollentuna	Solna	Stockholm
Rent, SEK/sq.m/year	4 200	6 500	3 000	4 700	6 000-10 000
Yield, %	6,2%	5,2%	6,0%	6,0%	5,0%-5,5%
Vacancy rate, %	5,0%	4,0%	4,0%	5,0%	2,0%

Table 67. Financial ratios of the property market on municipality level

Source: Datscha, 2012

Note:

Standard values. The numbers refer to normal conditions on the property market (nor highs or lows)

Despite having the weakest retail turnover in Stockholm County, Danderyd has satisfying rent levels and yields compared to its surrounding municipalities and the whole county. The explanation for this can be found in Danderyd´s good location. Danderyd has the fourth highest rent levels, lowest yields and vacancy rates out of the five competing municipalities. Stockholm municipality offers the highest rents, lowest yields and lowest vacancy rates, followed by Täby and Solna.

Demographics

	Danderyd	Täby	Sollentuna	Solna	Stockholm
Population as of 2012	32 058	65 351	66 941	72 447	882 800
Population forecast as of 2020	32 933	70 367	73 927	91 526	993 836
Average population growth over ten years' %	5%	10%	14%	34%	17%

Table 68. Demographics of municipalities

Source: Landstingsstyrelsens förvaltning, Tillväxt, miljö och regionplanering et al, 2011

Danderyd is expected to have a modest average population growth over the coming decade of 5 percent. All the surrounding municipalities are expected to have a much larger average population

growth than Danderyd, indicating that the future possible inflow of purchasing power to these municipalities is expected to be greater than for Danderyd.

Number of gainfully employed and inflow of commuters

	Danderyd	Täby	Sollentuna	Solna	Stockholm
Daytime population (number of gainfully employed) 2010[1]	16 781	22 885	24 476	69 503	589 796
Index daytime population[2]	40	55	59	168	1 423

Table 69. Number of gainfully employed per municipality and flow of commuters between municipalities

Source: Database Statistics Sweden, 2012

Note:

1) Daytime population refers to the amount of people working in the municipality during daytime irrespective of their municipality of residence

2) Index for the average daytime population for Stockholm county municipalities (41 439) = 100

Danderyd has the smallest daytime population out of the five municipalities. This suggests that not many residents in the county commute to Danderyd on a daily basis for work.

Prosperity and living conditions

	Danderyd	Täby	Sollentuna	Solna	Stockholm
Earned income 2010, SEK	476 359	374 229	340 806	293 328	301 107
Mean of real and financial assets 2007, KSEK[1]	4 071	1 794	1 306	1 026	1 377
Mean net worth 2007, KSEK[2]	3 447	1 352	942	708	1 034
Proportion of population with tertiary education, %[3]	42%	31%	28%	31%	30%
Number of holiday houses per thousand inhabitants[4]	5	2	2	0	0

Table 70. Prosperity and living conditions of the municipalities´ residents

Source: Database Statistics Sweden, 2012

Note:

1) Other assets such as cars, boats, art and retirement savings are not included

2) Market-valued assets minus liabilities

3) With a minimum of 3 years of tertiary education

4) Database HUI Research, 2012

Despite having performed weaker in the previous categories, Danderyd has the by far highest earned income, mean of real and financial assets and mean net worth in the whole county. Danderyd has a 40 percent higher earned income than the second strongest municipality Lidingö and a staggering 70

percent higher mean of real and financial assets and mean net worth than the second strongest municipality Tyresö. These numbers might explain how Mörby Centrum manages to rank in the top ten retail areas in Stockholm County despite its weaker performance in the other categories.

Danderyd also has the very strongest distribution of disposable income of the five competing municipalities and in the whole county with 64 percent in the higher income bracket and 23 percent in the lower income bracket.

5. Analysis of the results in the market analysis

This section aims at evaluating whether the demand factors presented in theory also seem to be significant according to the market analysis. When judging the importance of the demand factors, I have simply noted whether the demand factors in theory have been found in the various sources I have used for the market analysis and also whether they have seemed to impact the purchasing power and translated into high retail sales for certain retail centers. As will be discussed below, some demand factors important in theory have also been found and used in the market analysis and some have been unavailable in the sources used. Some demand factors in theory that were also found in the market analysis seemed to be more significant than others and some demand factors seemed to be less significant.

It should be pointed out that even though some demand factors that were discussed in theory were not available in the public sources used in the market analysis, this does *not* imply that they were not found to be of significance for retail success. What is being measured in this thesis is to what degree the demand factors important according to theory are confirmed to be of significance according to the *available* demand factors in the market analysis as well. The demand factors that have not been found or nor been available to this thesis do not translate into irrelevant demand factors.

5.1 Are the demand factors identified important in theory confirmed to be equally important in the market analysis?

In the literature review the first research question, how the market analysis is performed in theory and the most significant demand factors to consider in the market analysis, was addressed. In this part of the study, the second research question will be dealt with. The demand factors considered important in the market analysis according to the authors in the theory will be compared with the findings on the most significant demand factors in the market analysis performed in this research.

Those demand factor in grey were important to the authors in the theory but were either not available in the data collected for the market analysis or not found in the databases or other sources for the market analysis. As mentioned earlier, the fact that some demand factors were not found does not imply that they are not important for retail success. Those in standard black were found to be important in the theory and the market analysis, some more than others, as will be accounted for.

5.1.1 Retail center specific attributes

Important demand factors found in:	
The market analysis	***The theory***
• Total retail turnover in MSEK and MSEK/sq.m. per retail center	• Retail turnover per sq.m. (Sivitanides, 2012)
• Lettable area in sq.m.	• Retail turnover per sq.m. broken into durables and non-durables (Mincott & Mueller, 1995)
• Number of visitors	• Total retail sales volume per household (Mincott & Mueller, 1995)
• Tenant base	• Total retail turnover per retail center (Mincott & Mueller, 1995)
• Retail turnover per sq.m. in durables and non-durables sector on retail center level	• Tenant mix (DeLisle, 2012)
	• Cashflow, maintenance- and repair costs, taxes, lease terms etc. (Nair, 2011)

Retail turnover per sq.m, retail turnover per sq.m. broken into durables and non-durables sector, total retail turnover per retail center and tenant mix were all demand factors that both the authors in the theory argued as significant and that the market analysis indicated were of importance in explaining the retail success in the municipalities. The tenant base was made up of strong national tenants, such as chain grocery stores or chain clothing stores, with usually one or two major anchor tenants.

The most interesting result in the market analysis was that the size of the yearly retail turnover was matched by the same size in other demand factors of interest. That is, the second largest yearly retail turnover also has the second largest retail retail sales indexes etc.

The cashflow, maintenance- and repair costs, taxes, lease terms etc. are in-house information of various property owners and not available to the public on retail center level.

5.1.2 Trade data

Important demand factors found in:	
The market analysis	***The theory***
• Retail turnover broken into durables, non-durables and total retail sector on municipality level	• Retail sales indexes for durables, non-durables and total retail sector (Boon, 2005; Wincott & Mueller, 1995)

• Percentage change in turnover	
• Retail sales indexes for durables, non-durables and total retail sector	
• Number of guest nights (tourist inflow)	

In the performed market analysis, the theoretical significance of the retail sales index is confirmed. As expected this demand factor turned out important for retail success in both the literature review and in the market analysis as is it a measure of the inflow of retail purchasing power to one retail center or retail area in comparison to some others. It thereby measures in flow of consumer´s purchasing power between various retail centers or, as in the case of this study, between various retail areas.

Other demand factors that turned out be of interest in the market analysis was the size of the yearly retail turnover broken into the durables and non-durables sector. These indicated that some retail centers got their strong retail success from simply offering the largest range of either durable –or non-durable goods or services. This demand factor also implied whether the inflow of purchasing power from the surrounding municipalities went to durables or non-durables and indicated what type of the retail industry that was represented in the retail center.

The number of guest nights gives a clue of the possible purchasing power form tourists and thus enables one to see in what municipality retail sales can boost during the peak season of the tourism.

5.1.3 Financial ratios of the property market

Important demand factors found in:	
The market analysis	***The theory***
• Rent levels	• Rent levels (Boon, 2005 ; Hardin, Wolverton & Carr, 2002)
• Yields	• Yields (Boon, 2005 ; Hardin, Wolverton & Carr, 2002)
• Vacancy rates	• Vacancy rates (Boon, 2005 ; Hardin, Wolverton & Carr, 2002)
	• Total return (Boon, 2005)

Both the market analysis and the theory considered rent levels, yields and vacancy rates as significant. Obviously, the prevailing conditions in the property market will set the course for the cash flow generating ability of the retail center. As it is many times not possible to take out a higher rent than the market rent or set a lower yield than the current market yield as no tenant either can afford or be willing to pay the required price.

5.1.4 Demographics

Important demand factors found in:	
The market analysis	***The theory***
• Population size	• Population size (Geltner & Miller, 2007)
• Population size forecast	• Population size forecast (Sivitanides, 2012 ; Boon, 2005)
• Average population growth	• Household size (Sivitanides, 2012 ; Boon, 2005)
	• Living space per capita (Boon, 2005)

In both the market analysis and theory the population size and population size forecast proved to be central of a market analysis. I was also interested in the average population growth of the municipalities in Stockholm County in order to be able to easier compare the various municipalities´ future population projections. I would also have been interested in the impact of household size on the retail centers' turnovers as well as in whether a larger living space is present in the municipalities with the strongest retail turnovers.

5.1.5 Number of gainfully employed and inflow of commuters

Important demand factors found in:	
The market analysis	***The theory***
• Daytime population (number of gainfully employed)	• Employment data (Geltner & Miller, 2007)
• Index daytime population (Stockholm county = 100)	• Unemployment rate (Boon, 2005)
• Employment intensity (amount of gainfully employed who also reside in the municipality)	• Employment mix (Malizia, 1991)
	• Employment growth (Malizia, 1991)

The employment data in the market analysis could have included, or been more oriented toward, the unemployment rate in each municipality and also the projected employment growth to forecast some of the future inflow of purchasing power in each municipality. It would also have been interesting to examine the employment mix in each municipality and see whether some type of occupations seemed to generate consumption power to the retail areas in each municipality. However, due to time constraints, these data had to be disregarded for the time being.

The employment data does, however, give an indication of the purchasing power in the municipalities. High values on the daytime population and the index for daytime population indicate

that many inhabitants in Stockholm County commute to a certain municipality on a daily basis for work. Thus, the chosen employment data in the market analysis indicates that there is an inflow of commuters that translates into good conditions for consumption in the retail centers of the municipality.

5.1.6 Prosperity and living conditions

Important demand factors found in:	
The market analysis	***The theory***
• Earned income	• Disposable income (Geltner & Miller, 2007 ; Sivitanides, 2012)
• Mean of real and financial assets	• Household wealth (Geltner & Miller, 2007)
• Mean net worth	• Earned income (Sivitanides, 2012)
• Level of education	• Per capita income (Boon, 2005)
• Number of holiday houses per thousand inhabitants	• Household income (Boon, 2005)
• Distribution of disposable income	• Level of education (Malizia, 1991)

Out of the demand factors established as significant in the market analysis by the authors in the theory, disposable income I believe is interesting to include as a demand factor in the market analysis. I concur with the theory of its significance in the market analysis as it by definition indicates the actual purchasing power of a household or a person.

In addition to the demand factors disposable income, earned income, level of education, household income and household wealth, I chose to also include one demand factor relating to both the real and financial assets of the households as it can serve as an indicator in the purchasing power of the household.

Surprisingly, the demand factors relating to the living conditions of the households turned out to be strong demand factors for certain municipalities´ retail center strength when all other demand factors in the market analysis were rather weak. Thus, I would like to stress their importance in the construction of any market analysis.

5.1.7 Competition

Important demand factors found in:	
The market analysis	***The theory***
• Existing stock of retail properties/competition in other areas	• Existing stock of retail properties/competition in other areas (Boon, 2005 ; Foss, 2011)
• Location of retail centers and its competitors	• Regional locations of retail properties (Malizia, 1991)

• Forecast of future competing retail properties (Mall of Scandinavia)	• Forecast of future competing retail properties (Foss, 2011)
	• Strength of the tenant mix (DeLisle, 2012)

The results of the market analysis performed in this study strongly agree with the authors in the literature review on the importance of regarding competition as a demand factor in the market analysis, and consequently accepting that is has a significant impact on the retail centers´ success. The competitive strength of a retail center can be evaluated by including the demand factor relating to the retail centers' competitive position in the retail area and the demand factor relating to its position in comparison to the surrounding retail areas. The market analysis also has to regard the possible future competitors. These demand factors of competition can severely impact retail areas future retail strength and thus I believe that competition has to be taken into account in the long term perspective.

The retail center will also depend on the ability of its tenant base to attract consumers from the municipality it lies in as well as from competing municipalities. Therefore, I believe it is important to evaluate the strength of the tenants in a retail center, perhaps through credit records and through reviewing their lease expiry dates and other lease terms.

5.1.8 Geographical images

Important demand factors found in:	
The market analysis	***The theory***
• Maps of the retail centers of interest as well as its competitors	• Aerial and satellite images (Thrall & Thrall, 2011)

The theory and market analysis both agree on that by visually conveying the sources of competition, much value can be added to the market analysis. After having conducted the market analysis of Stockholm´s retail areas, I believe that geographical images makes it more apparent for the retail investor to analyze the competition and determine which retail centers or municipalities to examine more closely.

5.1.9 Other demand factors in theory not present in the market analysis

Important demand factors found in the theory:
• Scenario analysis (Clapp & Messner, 1988)
• Traffic volume (Getlner & Miller, 2007)
• Age mix and gender (Sivitanides, 2012)
• GDP and inflation (CPI) (Boon, 2005)
• Industrial growth paths (Malizia, 1991)
• Productivity and industry mix of the region (Malizia, 1991)

• Innovation level of the region (Malizia, 1991)
• Detailed environmental analysis of the financial and business sector, legal sector, technological environment and risk factors (Ginevičius and Zubrecovas, 2009)

Out of the remaining demand factors discussed in the literature review, if there was more time, I would have liked to include the scenario analysis to incorporate the risk factors associated with upswings and downturns on the real estate market, numbers on traffic volume and GDP and inflation.

The scenario analysis is, according to Clapp and Messner (1988), a risk management tool that can be used to measure and evaluate the risks associated with any real estate investment. I agree with the authors in that the risks with any real estate investment have to be closely considered in the market analysis. The investment opportunity is made in present time, but the effects of it are visible only in the future and in the more long-run when the property has been acquired. Thus, I agree that a scenario analysis has to be used on the various demand factors in the market analysis to see the potential effects of a neutral, positive and negative scenario.

5.2 Important demand factors according to the findings in the market analysis of Stockholm's retail areas

In more detail, what turned out to be the most significant demand factors according to the findings in the market analysis performed in this paper (irrespective of which demand factors the authors in theory believed to be important)? Below follows an account of which demand factors were found to be of significance for the retail success in the market analysis of Stockholm´s retail areas and other observations and reflections gained in the market analysis.

5.2.1 Retail rank confirmed in the various demand factors

As noted above, the practical performance of the structural market analysis presented by Geltner & Miller (2007) has resulted in some thoughts and observations. An interesting *general* result from the structural market analysis of the retail areas in Stockholm County is that the rank for the municipalities seems to be confirmed in the various demand factors presented in the market analysis, such as the daytime population, turnover in durables and non-durables sector etc. The rank (i.e. strength) of the municipality, with respect to the size of the yearly retail turnover of its retail malls, appears to be matched by the same rank in the demand factors presented for the municipality. This pattern seems reasonable as one might expect that the strength of the municipality in various demand factors to some degree ought to translate into and be reflected in the retail turnover of its retail malls. For the top ten municipalities in the structural market analysis, further interesting results have been observed, which will be accounted for below.

5.2.2 A central location is not a prerequisite for retail success, but retail sales indexes seem to be

For Huddinge, it is interesting that even though the municipality has the highest retail turnover it has rather low financial ratios of the property market with lower rent levels and higher yields. The low rent levels and high yields can be explained by Huddinge being located in the outskirts of the county. This result holds for all municipalities as the rent levels decrease and yields increase the further out the municipalities are located from CBD of Stockholm.

However, Huddinge retail strength arises from the fact that Huddinge attracts much purchasing power from the county and as many consumers find it easy and comfortable to travel to Huddinge for consuming retail gods and services. As a matter of fact, the high retail sales indexes for Huddinge confirm that there is a great inflow of residents from other municipalities to Huddinge for retail consumption. The very high retail turnover and rather low rent levels and high yields indicate for investors that a central location isn't a prerequisite for a good retail investment.

This seems to be the case even for Järfälla as the same patterns in very high retail turnovers and rather low financial ratios of the property market exist. Even though Järfälla has weaker financial ratios of the property market, Järfälla is the second strongest municipality with respect to yearly retail turnover of its retail malls.

Even though Järfälla ranks the second strongest retail area in the county, it has a less percentage change in its total retail turnover compared to the previous year than the average in the county. Also, Järfälla has a sales index less than 100 in the non-durables sector which indicates that there is an outflow of residents from Järfälla to other retail areas for non-durable goods. Moreover, as Järfälla has a medium sized daytime population and index for daytime population, this indicates a smaller inflow of commuters to Järfälla for daily work which further reduces the purchasing power in the municipality. Rather, the purchasing power that leads to the high rank for Järfälla, seems to derive from the large inflow of residents from the other municipalities to Järfälla for consuming durables, as indicated by the very high retail retail sales index in the durables sector for Järfälla.

Thus, one might assume that a central location of a municipality is not a prerequisite for retail success. Rather, high retail retail sales indexes result in high inflow of purchasing power as households form other surrounding municipalities then prefer to travel to and consume retail goods and services in the municipality.

This pattern seems to work in the reversed order as well. For Nacka, for example, the relation between location and other demand factors, such as retail sales indexes, is the opposite. Nacka ranks in the middle with respect to yearly retail turnover of its retail malls and retail sales indexes and has rather high rent levels and low yields in comparison to other municipalities, such as Huddinge and Järfälla that both rank stronger in the structural market analysis. Despite its weaker retail turnover and retail sales indexes, Nacka manages to rank in the middle due to its closer location to the inner-city. This might signal to investors that a lower yearly retail turnover can be made up by locating a retail area closer to the inner-city of Stockholm county.

5.2.3 Centrality does seem to be a prerequisite for strong financial ratios of the property market

Throughout the market analysis, the relation between centrality and strength of financial ratios seems to be that the closer located a municipality is to CBD of Stockholm, the higher rents, lower yields and lower vacancy rates. Even if a weak location at times can be offset by high retail sales indexes (i.e a great inflow of purchasing power from other municipalities), the location seem to play a vital role in the strength of the financial ratios of the real estate market and cannot, according to the findings in the market analysis, be offset by the strength of other demand factors such as high retail sales indexes, high daytime population, high inflow of daily commuters etc. One might therefore conclude that, location governs the rent levels, yields and vacancy rates irrespective of the strength of the other demand factors.

5.2.4 High daytime population and many commuters translate into purchasing power

For a number of municipalities in the market analysis, a high daytime population and a large inflow of commuters transform into high retail turnovers. This is the case for Sollentuna which is the ninth strongest municipality in the county in the structural market analysis. The retail mall in Sollentuna has a yearly retail turnover only slightly larger than the median in the whole county and smaller than the average in the whole county. One might then ask what the purchasing power that leads to the top ten ranking of Sollentuna originates from. Judging by the demand factors presented in the structural market analysis, there seems to be a relatively high inflow of purchasing power to Sollentuna as many commute to Sollentuna on a daily basis for work and as there are many gainfully employed in Sollentuna who also reside in the municipality.

These figures suggest that there is a great flow of possible consumers in the municipalities that have high daytime population and high inflow of daily commuters during daytime, and that these consumption possibilities can be materialized if the consumers have easy access to retail centers in these municipalities. A strong daytime population and flow of commuters does not alone suggest high purchasing power, but has to be accompanied with measures ensuring that consumers are being directed towards the retail centers by taking advantage of their daily movement patterns and their specific needs and desires when moving around in the municipality.

5.2.5 Geographical positioning

Another interesting pattern observed in the market analysis is that one retail center seems to be dominating in each direction from the CBD of Stockholm. For Stockholm, one municipality in the north and one in the south have proven to be dominating these areas. Huddinge, being located in the south of Stockholm county, and Järfälla, being located in the north of the county, indicate that the two most dominating municipalities *geographically* each take a leading position of the retail market in the southern and northern parts of Stockholm county.

It seem to be the case that there has to be a strong retail area available for the residents of Stockholm County once they travel outside of the inner-city, both in the highways in north direction and the highways in the south direction of the inner-city.

5.2.6 Spillovers in the purchasing power from other retail sectors

After performing the market analysis, an insight gained is that the size of the retail turnover in *both* the durables sector and non-durables sector has to be concluded.

For some municipalities, the *total* retail turnover in its retail areas (consisting of both the purchasing power in the durables and non-durables sector) is quite large compared the total retail turnover in other, more stronger retail municipalities. For example, Solletuna has a larger *total* retail turnover than Solna, even though Solna ranks as the sixth strongest municipality with respect to the retail turnover and Sollentuna only ranks the ninth strongest.

For other municipalities, the retail turnover in, for example, the durables sector makes up almost the whole total retail turnover (consisting of both the durables- and non-durables sector). And in some municipalities the non-durables sector makes up the majority of the total retail turnover. These municipalities might have lower total retail turnovers than some other municipalities that the investor is interested, but might be ignored as competition or as possible purchasing power due to their lower retail turnovers.

However, even though an investor is interested in investing in one part of the retail industry, say the durables sector, the investor has to consider the purchasing power that the other part of the retail industry, the non-durables sector, attracts. By doing so, the investor can take advantage of the flow of consumers in the non-durables sector as well. By recognizing that the consumers that make up the base of purchasing power in the non-durables sector also can be attracted to shopping in the durables sector, the investor is better equipped to make a well informed investment decision in commercial real estate.

5.2.7 Dominating a particular sector of the retail industry

Another exciting result from the market analysis is that a municipality can have rather weak demand factors relating to its retail strength, such as lower yearly retail turnovers, lower daytime population, lower retail sales indexes etc. but still manage to rank within the top ten retail municipalities.

This was particularly evident for Upplands Väsby that has a ratherlow or medium sized yearly retail turnover which also is lower than the medium retail turnover of the county as awhole. In the case of Upplands Väsby, its retail center InfraCity has the by far largest lettable area of durables and offers the by far widest range of durable services and goods in the whole county. Thus, Upplands Väsby manages to attract a very stable flow of purchasing power that indeed might be the explanation behind Upplands Väsby ranking the seventh strongest municipality with respect to yearly retail turnover of its retail centers. Again, this points to the fact that an investor should regard other parts

of the retail sector than the one that is of interest for that particular investor since this allows the investor to take advantage of the purchasing power of the other parts of the retail industry.

5.2.8 Strong financial positions as well as prosperity and living conditions of the municipality inhabitants lead to purchasing power

Another demand factor found to be of great importance in the market analysis for municipalities with otherwise weak demand factors, such as low retail turnovers and retail sales indexes, weaker inflow of purchasing power from its daytime population etc., is the financial position and living conditions of the municipalities' inhabitants.

Danderyd is the tenth strongest municipality in the county and performs worse in almost all of the demand factors when compared to the nine stronger municipalities. However, in one category Danderyd outperforms all the other municipalities in the county. Danderyd actually has the by far strongest financial position of its residents with respect to earned income, mean of real and financial assets and mean net worth. It might be the strong financial position of its residents that makes up the purchasing power and thus the retail turnover in the retail malls in Danderyd. It may be that the strong income group in Danderyd spends much of their income in the retail areas in the county, leading to Danderyd ranking within the top ten strongest municipalities with respect to the retail turnover its retail areas.

This is also the case for Järfälla. The purchasing power leading to Järfälla´s high rank might also be derived from the strong financial position of its inhabitants, in terms of stronger earned income, mean of real and financial assets and mean net worth, as compared to its competing municipalities.

Once more, the observations in the market analysis indicate to investors that there are many demand factors that are important and significant to consider when performing a market analysis, even though they might not appear as important or significant at a first glance.

5.2.9 Future retail projects may draw purchasing power from other retail centers

Besides looking at the existing stock of retail properties, investors may have to consider ongoing future projects in the municipality of interest as these might have a large impact in the long-term perspective. An important note concerning Solna is the construction of Mall of Scandinavia which is to become the largest retail area in the Nordics. Naturally, one might expect that the mall will attract purchasing power from the malls in the county´s other municipalities, if not permanently, at least for some time. Thus, Solna´s position in the county´s retail market might be strengthened substantially.

The market analysis thus points to the importance of closely monitoring both your current and future competitors in order to keep your retail turnovers stable or in order to enhance them.

5.3 Other reflections and thoughts on the theory after having conducted the market analysis

5.3.1 An able and capable investor required to manage the strategic resource

Ali, McGreal, Adair & Webb (2008) observed that real estate has become a *strategic resource* and is very much a portion of firms' everyday business. After performing a market analysis on the retail market of Stockholm County, it is apparent that in order to evaluate an investment opportunity strategically, much time and effort is required. Besides gathering, filtering as well as compiling the immense amount of data available, a qualitative analysis of the results is required in order for the material to be able to serve as a solid base for a decision involving much capital (both shareholder´s equity and bank financing). Thus, for the investment opportunity at hand to eventually serve as a strategic resource for an investor in a firm, high demands in the investor´s ability to find relevant information and to compile and process are required. The concretizing in this paper of the structural market analysis presented by Geltner & Miller (2007) has resulted in the notion that it is of utmost importance that the investor evaluating an investment opportunity possesses these abilities and is both time efficient and thorough in the analysis, despite the time constraints and demands from senior management. This notion is in line with Lindholm & Leväinen´s (2006) argument of the importance of *strategic planning* in corporate real estate practice.

5.3.2 Dealing with investment issues

One of the research questions were aimed at examining what type of investment issues arise when investing in commercial real estate and what impact these investment issues have on the market analysis.

No matter whether an investor is acquiring a retail property directly, buys shares in a real estate company of interest or invests in commercial property funds, as are three ways to invest in real estate proposed by Nair (2011), investment issues might arise. Although they might not be fully avoided by performing a thorough structural market analysis, the various investment issues that might arise can be better dealt with by the investor. In my opinion, it is very important for *both* investors evaluating investment opportunities without the help of consultants and consultants assisting various investors to fully recognize that if the information is not well analyzed and accounted for, the purchasing price (i.e. market value) of the investment object is at risk of being affected, and can go both up and down from the preliminary purchasing price.

Since there is such a large amount of information to be evaluated and analyzed and since it is only human to commit error, I believe that there has to be an open and consistent dialogue between buyer-consultant-seller, or alternatively between buyer-seller, in order to be able to deal with the potential investment issues in a constructive way for all parties. From my experience of conducting the market analysis of the retail market of Stockholm, I recognize that it is easy to commit an error when handling the very large amounts of data. I believe that there has to be a systematic approach when dealing with the vast amounts of information in order to stay fully alert and thorough.

5.3.3 Property specific and location specific attributes as the ground base for the market analysis

Furthermore, the property specific attributes also need to be dealt with in a market analysis (Nair, 2011), such as the current and future cash flows as well as lease terms, vacancy rates, maintenance and repair costs, taxes etc. Since the rental leases together with rental income and other income, maintenance and repair costs and taxes is unavailable to the public, these have not been included in the market analysis performed in this paper. Despite that, I recognize that these may be the most important parameters to consider in a market analysis since they are the engines behind the income producing ability of the property. These figures are only natural to take into account when evaluating an investment opportunity.

Moreover, on the subject of property specific attributes, it is of utmost importance to be able to understand what kind of retail tenants that the retail property houses and the rent paying ability of each tenant. From my own experience, the ability to understand the tenant mix, the lease terms and its lease clauses and the expiry structure of leases is very important when doing a structural market analysis in order to avoid various investment issues that can arise (see Lindholm & Leväinen (2006) and Colavolpe (2010)). For example, rebates in the lease might not have a great impact on the cashflow of a certain property until five years from now.

Besides considering the property specific attributes in commercial real estate investments, the location specific attributes presented by Roque (2011), such as the knowing the market the property is operating in, the rental paying capacity of the tenants in the specific area etc., are equally as important. Perhaps the market analysis in this paper has been more focused on the location specific attributes due to the major availability of information of these attributes, as opposed to the minor availability of property specific attributes. As long as Sweden is transparent country to do real estate business in (Jones Lang Lasalle, 2011), the location specific attributes, I believe, constitute the easier part of any structural market analysis prior to investment. I would also like to point out that, it is not the gathering of the data that is the difficult task, but analyzing and understanding the figures from the specific investment's point of view (its investment objectives and goals, required rate of return, risk appetite etc). Only then will the analysis provide valuable input to the investor when making the decision whether to invest or not.

Closely related to the analysis of the location specific attributes is the *site selection process*, in which the community-specific factors are of great importance (Rabianski, DeLisle & Carn, 2001). The market analysis performed in this paper could be useful in the site selection process, either for a firm looking for new premises or for a firm looking for new investment objects. All the parameters in the market analysis of Stockholm County´s retail areas are on macro level and indeed very community-specific with an overall focus on consumer demographics and trade areas of retail, which facilitates the

process of site selections. Perhaps, the market analysis in this paper is more suitable for these kinds of decisions, whether they regard new premises or new objects to invest in, when considering the large amounts of macro-data and community-specific data on the municipalities and on the local property markets (that is, the financial ratios).

6. Conclusion

6.1 Brief summary

The reason for performing research on the construction and composition of the market analysis stems from the various investment issues related to investing in commercial real estate, and especially in the retail property market. There exists a demand from property investors for market analysis on a more strategic level that are more thorough, detailed and have a focus on the relevant factors for the specific investment object of interest. A better informed investor is more likely to make better investment decisions and thus there are certain factors in the real estate market that have to be included in the structural market analysis when evaluating the current and future demand for retail property. Among others, these include regional economic and demographic factors, community specific factors of the neighborhood the property is located in as well as property specific attributes of the investment object and consumer flows.

The structural market analysis offers a tool for managing these investment issues in the sense that it integrates both the supply- and demand side factors of the real estate market with a more systematic and structural manner. The emphasis in this paper is on identifying and the extrapolating the sources of the demand side available in public sources, the demand factors, in order to determine the current demand and to extrapolate the future demand for the property the investor is interested in.

In general, the demand factors of special interest for retail properties are, among others, the retail center specific attributes, the trade data of the region, financial ratios of the property market, the demography of the region, employment data and inflow of commuters, living conditions and current and future competition.

6.2 Implications for retail property investors

6.2.1 Lessons learned from the research on market analysis

In conclusion, there is a call for more structure and use of information in the market analysis. By applying a more structural and thorough approach in the construction of the market analysis, the hope is to promote an opportunity for better informed decisions for investors.

As there is so much information available for the real estate market analysis, it is crucial to consider *all* the relevant demand factors in the market analysis, even though the some might seem less important or unnecessary at the initial stages of the market analysis. In the market analysis, for example, it was found that the investor interested solely in a durables retail property can gain on doing research on the non-durables sector of the retail property market as well in order to take advantage of the consumer flows from the non-durables sector.

However, the immense amount of real estate data available for the market analysis also implies that investors must be careful not to make the market analysis too extensive and general in order to not

lose focus on the most relevant and important factors for the investment object. This also implies that the investor has to be able to make the decision not to include some demand factors of the market analysis that later turn out to be irrelevant or less important; quality must take precedence over quantity.

In general, all the demand factors that may likely affect the investors´ decision are of significance in the market analysis. The selection of relevant demand factors depends on what type of retail center is to be invested in (is the property to be largely renovated or remade or is it simply to be maintained to keep its current condition?), what type of investor is investing (a short-term or a long-term investor?), what the purpose with the investment is (to generate maximum profit fast or steady long-term cash flows?) and the investors risk appetite (risk and return trade off).

An important lesson from this study is the notion that, even though location and centrality are the main determinants of the investment value, they are possible to be offset by some other demand factors, namely retail sales indexes and volume of commuters. High retail sales indexes translate into purchasing power being attracted rom other municipalities or trade areas and that a high inflow of commuters generate consumption in the areas retail centers. However, it was found that the location and centrality are critical for high rent levels and low yields. Thus, a central location is crucial for the retail centers cash flow generating ability.

One important implication for real estate investors is the information flow between the actors in a real estate transaction, namely the seller, buyer and consultant. The flow of information has to be transparent and honest between the participants in the transaction. There also has to be an open dialogue between them in order for the market analysis to be susceptible to changes and requests from the actors. Realizing that the market analysis at some point has to be changed to include or exclude some demand factors on the investors´ request is an example of the transparency and open dialogue I advocate. Naturally, as time passes by and the investor becomes more familiar with the material in the market analysis, the investor is very likely to set make new request on the content of the analysis. The constructor of the market analysis then has to be responsive and flexible towards these demands. Overall, the investor has to be susceptible to changes on the real estate market on the whole and be receptive towards these changes and incorporate them into the analysis.

6.2.2 Important demand factors in the market analysis

Out of the demand factors included in the market analysis, I found some more important than others for retail success in terms of yearly retail turnover.

Firstly, the tenant base is very important as it is the actual base for the cash flow generating ability of the retail property. Being able to attract strong consumer segments ultimately depends on whether you can offer them the goods and services they demand.

Secondly, the retail sales index in each retail sector determines to that degree the retail center is able to attract consumers from other retail centers. The daytime population indexes closely relate to this

ability of attracting purchasing power from other retail areas as it measures the inflow of commuters, and thus the flows of possible consumers.

Thirdly, the average population growth can be seen as a projection of the future purchasing power to come. I believe that these have to be considered when evaluating the long-run ability of the retail center to generate retail turnover. But at the same time, the investor has to be able to judge to what degree one retail center might actually snatch this future purchasing power from another retail center. For example, if there is a newly constructed retail mall opening in the future, this retail mall can attracts purchasing power from other retail malls. This is a good example of the difficulty of interpreting the numbers in the market analysis and highlights the need for investor with the ability to analytically interpret quantitative data into qualitative data.

Lastly, the current and future competition needs to be judged in a similar manner as the projections of the future population growth. That is, the investor has to be able to judge the possibilities and threats of current, and perhaps more importantly, future competitors. A real estate investment involves a lot of capital and is usually a long-term investment, which makes it vital to evaluate the investment objects position on the retail market in relation to its competitors.

6.3 Suggestions for further research

After having performed the market analysis, I recognize that there is a lot of information to include and that one gains insights on the proper type of information to include only after it has been completed. Although I feel that I have included many significant demand factors in the analysis, I would still have liked to include some more or include some others.

Thus, for future research in the field I would suggest researchers to investigate other scopes of the market analysis.

First, I suggest a scenario analysis to be made to evaluate the risk versus benefits of possible outcomes in the future. Without a scenario analysis, the investor assumes that the current conditions on the real estate market will remain status quo, which is an unrealistic assumption. Given that investing in property is really an assessment of the future, the analysis of uncertainty is of utmost importance if the investor is to make a well informed decision.

Another very interesting field to explore in the market analysis is what a geographical information system (GIS) could contribute with, especially when considering the importance of retail centers´ location in relation to each other and in relation to CBD, highways, public transportations etc.

7. Reference list

7.1 Books and reports

Carr, D.H., Lawson, J.A., Schultz, J.C. (2003). *Mastering Real Estate Appraisal.* Chicago: Dearborn Real Estate Education.

Centrumutveckling Håkan Karlsson AB. (2009). *Köpcentrumkatalogen 08/09.* Stockholm: Litografia.

Clapp, J.M., Messner, S.D. (1988). *Real Estate Market Analysis: Methods and Applications*. Westport: Greenwood Press.

Geltner, D.M., Miller, N.G., Clayton, J., Eichholtz, P. (2007). Commercial *Real Estate Analysis & Investments*. Mason: Thomson South – Western.

Ghauri, P., Grønhaug, K. (2010). *Research Methods in Business Studies*. Essex: Pearson Education Limited; 4th edition.

Instutitionen för värdering av fastigheter och Samfundet för fastighetsekonomi. (2008). *Fastighetsekonomisk analys och fastighetsrätt: Fastighetsnomenklatur.* Stockholm: Fastighetsnytt Förlags AB.

Jones Lang Lasalle. (2011). *Nordic City Report Spring 2011* (Nordic Office Markets, February 2011). Stockholm: Jones Lang Lasalle.

Jones Lang Lasalle, *The Retail Market in Sweden Autumn 2011* (Retail Intelligence, Autumn 2011). Stockholm: Jones Lang Lasalle.

Ling, D., Archer, W. (2008). *Real Estate Principles: A Value Approach.* Berkshire: Mcgraw Hill Higher Education; 2nd edition.

Thrall, G.I. (2002). *Business Geography and New Real Estate Market Analysis.* New York: Oxford University Press.

7.2 Printed sources

Ali, Z., McGreal, S., Adair, A., Webb, J. (2008). Corporate Real Estate Strategy: A Conceptual Overview. *Journal of Real Estate Literature, 16* (1), 3 – 21.

Boon, B. (2005). The availability and usefulness of real estate data in eastern Asia - a user's perspective. *BIS Papers, 8* (21), 91 – 111. http://www.bis.org/publ/bppdf/bispap21h.pdf

Colavolpe, A. (2010). Demystifying the Corporate real Estate Process: The Retailer´s Perspective. *Real Estate Issues, 35* (1), 14 – 19.

Epley, D.R. (2004). New Ranking of Decision-Making Subject Areas for Corporate Real Estate Executives. *Journal of Real Estate Research, 26* (1), 43 – 68.

Ginevičius, R., Zubrecovas, V. (2009). Selection of the optimal real estate investment project basing on multiple criteria evaluation using stochastic dimensions. *Journal of Business Economics and Management, 10* (3), 261 – 270.

Hardin, W.G., Wolverton, M.L., Carr, J. (2002). An Empirical Analysis of Community Center Rents. *Journal of Real Estate Research, 23* (1/2), 163 – 178.

Jackson, C. (2001). A Model of Spatial Patterns across Local Retail Property Markets in Great Britain ,*Urban Studies, 38* (9), 1445–1471.

Lindholm, A.L., Leväinen, K.I. (2006). A framework for identifying and measuring value added by corporate real estate. *Journal of Corporate Real Estate, 8* (1), 38 – 46.

Malizia, E.E. (1991). Forecasting Demand for Commercial Real Estate Based on Economic Fundamentals of U.S. Metro Markets. *The Journal of Real Estate Research, 6* (3), 251 – 265.

Rabianski, J., DeLisle, J.R., Carn, N.G. (2001). Corporate Real Estate Site Selection: A Community – Specific Information Framework. *Journal of Real Estate Research, 22* (1/2), 165 – 197.

Roque, L.D. (2011). How to Buy Commercial Real Estate – Commercial Real Estate Investing Tips. *Real Estate Finance, 28* (3), 3 – 4.

Thrall, G.I., Thrall, S.E. (2011). Data, Methods, and Technology: Data Resources for Real Estate and Business Geography Market Analysis: A Comprehensive Structured Annotated Bibliography, Version 2.0. *Journal of Real Estate Literature, 19* (2), 413 – 468, 56.

Wincott, R. Mueller,G, (1995). Market Analysis in the Appraisal Process. *Appraisal Journal, 63* (1), 27 – 32.

7.3 Electronic sources

Arend, M. (2000, July). The New Science of Space Demand Forecasting. *Site Selection Magazine – Management Strategy.*
http://www.siteselection.com/issues/2000/july/p673/

DeLisle, J.R. (2012). *Fundamentals of Real Estate: A Behavioral Approach. Chapter 8: Core Property Types: Office, Retail and Industrial.* E-book online (draft, work in progress). Retrieved April 28 from: http://jrdelisle.com/jrd_text/Chapter_8_DS_Off_Ret_IndV106.pdf

Fickes, M. (2007, April 30). Strategic Thinking. *Chain Store Age.*
http://www.chainstoreage.com/article/trends-strategic-thinking

Foss, W. (2011). Presentation Market Analysis for Shopping Centers - Demand, Supply and Equilibrium Analysis. *Foss Consulting Group.*
http://www.google.se/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCYQFjAA&url=http%3A%2F%2Fbusiness.fullerton.edu%2Ffinance%2Fwfoss%2FFIN454%2FFIN454%2520Shopping%2520Centers%2520pt2.ppt&ei=3tabT6LhKtHY4QSI5OipDg&usg=AFQjCNGmT_yxNKyb2dg0gMz8ZiofHLstqQ&sig2=nRkoU2iCoHwoTsZ0nhdkDA

HUI Research AB., Handelns Utvecklingsråd. (2011). *Kampen om köpkraften: Handeln i framtiden*. Stockholm: HUI Research AB.
http://www.hui.se/statistik-rapporter/index-och-barometrar/kampen-om-kopkraften

Landstingsstyrelsens förvaltning., Tillväxt, miljö och regionplanering., Statistiska Centralbyrån., adjungerade forskare., konsulter. (2011). *Befolkningsprognos 2011-2020 : bilaga till Stockholms läns huvudrapport - Sammanfattning för Stockholms läns kommuner* (2011:5). Stockholm: Tillväxt, miljö och regionplanering.
http://www.tmr.sll.se/Statistik/Demografi-och-prognoser/Befolkningsprognoser/

Mall of Scandinavia Website
http://www.mallofscandinavia.se/W/do/centre/hem

Nair, R. (2011, June 1). How to Invest in Commercial Real Estate – Guidelines for Retail Investors. *Jones Lang Lasalle Blog.*
http://www.joneslanglasalleblog.com/realestatecompass/real-estate/2011/06/how-to-invest-in-commercial-real-estate/

Sivitanides, P.S. (2012, April). Retail Property Demand Drivers. *Property Investing for Double Digit Returns Website.*
http://www.property-investing.org/retail-property.html
The website contains a selection from the book REAL ESTATE INVESTING FOR DOUBLE-DIGIT RETURNS by Petros S. Sivitanides, Ph.D.

7.4 Online databases

Datscha Database. (2012). Retrieved January 31, 2012 from:
http://www.datscha.com/1/sv/start/start.php

HUI Research Database. (2012). Retrieved February 12, 2012 from:
http://www.handelnisverige.se

Statistics Sweden Database. (2012). Retrieved February 12, 2012 from:
http://www.scb.se/

Appendix

Municipality rank	Municipality	Retail centers	Retailcenter rank	Yearly retail turnover 2007, MSEK
1	**Huddinge**	**Kungens Kurva**	**1**	**4 785**
	Huddinge	**Heron City**	**14**	**1 007**
	Huddinge	**Länna Köpcentrum**	**9**	**1 311**
	Huddinge	Huddinge Centrum	26	620
2	**Järfälla**	**Barkarby Handelsområde**	**2**	**2 490**
	Järfälla	**Stockholms Quality Outlet**	**46**	**354**
	Järfälla	Jakobsbergs Centrum	24	630
	Järfälla	Viksjö Centrum	42	436
	Järfälla	Veddesta Handelsområde	**27**	610
3	**Täby**	**Täby Centrum**	**3**	**2 015**
	Täby	**Arninge Handelsområde**	**13**	**1 009**
	Täby	Arninge Centrum	17	705
4	**Stockholm**	**Nordiska Kompaniet**	**4**	**1 940**
	Stockholm	**Kista Galleria**	**6**	**1 860**
	Stockholm	**Farsta Centrum**	**7**	**1 638**
	Stockholm	**SKHLM**	**8**	**1 372**
	Stockholm	**Gallerian**	**10**	**1 300**
	Stockholm	**Bromma Blocks**	**11**	**1 165**
	Stockholm	**Vällingby City**	**15**	**950**
	Stockholm	**Fältöversten**	**16**	**833**
	Stockholm	Ringen Centrum	21	641
	Stockholm	S:t Eriksmagazinet	31	577
	Stockholm	**Globen Shopping**	**33**	**550**
	Stockholm	PUB	36	502
	Stockholm	Norra Stations Köpcentrum	38	484
	Stockholm	Västermalmsgallerian	39	477
	Stockholm	Sturegallerian	43	400
	Stockholm	Högdalens Centrum	44	390
	Stockholm	PK Huset	52	248
5	**Nacka**	**Sickla Köpkvarter**	**5**	**1 884**
	Nacka	**Forum Nacka**	**28**	**607**
	Nacka	Orminge Centrum	49	313
6	**Solna**	**Solna Centrum**	**12**	**1 108**
7	**Upplands Väsby**	**InfraCity**	**18**	**698**
	Upplands Väsby	**Väsby Centrum**	**25**	**630**
8	**Haninge**	**Haninge Centrum**	**19**	**681**
9	**Sollentuna**	**Stinsen Shoppingcenter**	22	**638**
10	**Danderyd**	**Mörby Centrum**	**23**	**630**

Municipality rank	Municipality	Retail centers	Retailcenter rank	Yearly retail turnover 2007, MSEK
11	Södertälje	Moraberg	**20**	645
	Södertälje	Weda köpcentrum	**47**	351
12	Tyresö	Tyresö Centrum	29	598
13	Norrtälje	Knutby Torg	30	597
14	Vämdö	Värmdö Marknad	**32**	565
	Vämdö	Värmdö Köpcentrum	**40**	476
	Vämdö	Mölnvik	45	379
15	Sollentuna	Sollentuna Centrum	34	548
	Sollentuna	KOM Köpcentrum	**51**	309
16	Österåker	Åkersberga Centrum	**35**	536
17	Sigtuna	Eurostop Arlandastad	37	488
18	Lidingö	Lidingö Centrum	41	474
19	Botkyrka	Tumba Centrum	**48**	322
	Botkyrka	Hallunda Centrum	50	310

Source: Centrumutveckling, 2009

Note:

Selection of retail centers in Stockholm County with yearly retail turnover exceeding 300 MSEK

The retail centers in bold text have been included in the market analysis