

evidens:



Effects of urban development in a particularly vulnerable area

# Follow-up of the Tingstorget project

Evidens has been assigned by Titania to investigate the potential effects of urban district development in Albyberget in the Municipality of Botkyrka.

There have been several parallel elements in this investigation: interviews with the municipal authority and other interested parties, questionnaires and interviews with residents and those working in the area, statistical analysis of changes in demographic and socioeconomic factors and development of the attractiveness of the area in monetary terms. Data for the statistical analysis has come from Statistics Sweden, Eurostat, and

Evidens' own databases, the Stockholm Housing Agency, Boplats Syd, Valueguard and data ordered specially from Statistics Sweden. Photos: Titania and Evidens.

The results and conclusions were presented verbally at a seminar at Titania's offices in Stockholm on 6 October 2021.

The analyses are presented in this report. The report is split into two main blocks (see figure).

## Consultants

Evidens (Anna Rogberg, Thomas Sandberg, Katarina Wallin, Georg Wingstrand)

Evimetrix (Alf Brydolf-Berg, Matilda Grahn)

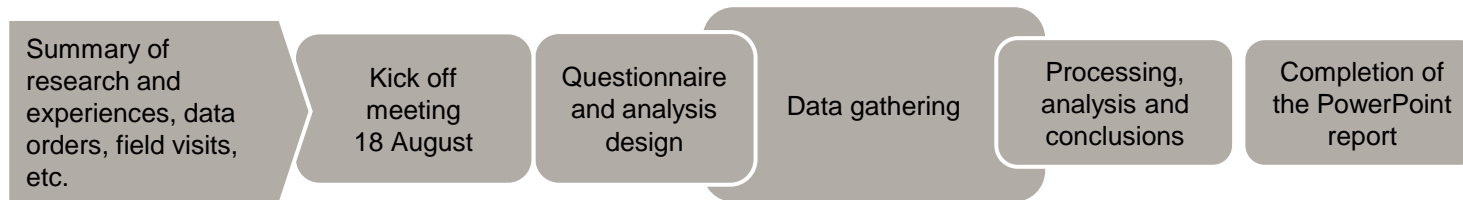
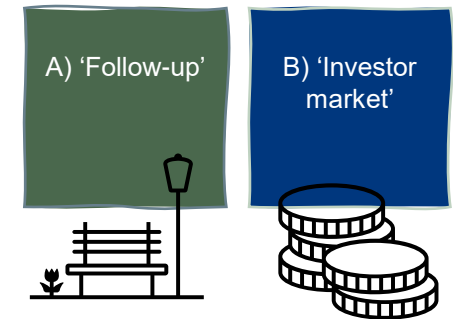


Illustration of the work process





# The structure of the report

1

## Introduction

- Problematisation
- Starting points
- Albyberget
- Research
- The project

2

## Evaluation

- Target group, municipalities and others
- Quantitative and qualitative benchmarks, then vs. now

3

## Investment potential

- Target group, investor market
- Positioning in the area
- Attractiveness in monetary terms



# Is it possible to resolve problems by constructing new homes in vulnerable areas?

Titania started to implement a project – the Tingstorget project – in the Municipality of Botkyrka, south of Stockholm, in 2016. In close cooperation with the municipal authority, Titania wanted to contribute to breaking down segregation and to help by setting a positive example by constructing new homes in a particularly vulnerable area.

Albyberget, which is located right in the centre of Alby, was previously characterised by buildings consisting essentially of large rental apartments from the latter part of the 'Million Programme' (a Swedish housing programme run in the 60s and 70s to provide affordable housing for all). Supplementing the area with smaller apartments with mixed forms of tenure affords young people growing up in Albyberget the opportunity to purchase or rent their own home within the area. In this way they are hoping to break the 'Happiness Paradox' within Tingstorget, which is a common pattern observed in vulnerable areas.





# What does the research say?

The potential impact of urban development on vulnerable, particularly vulnerable or risk areas is an issue that has become increasingly relevant in recent years. Research and practical experience concerns, for example, issues concerning breaking down housing segregation and how physical planning can be used to support increased security and safety.

## Impact on housing segregation

*Mixed forms of tenure* => a mixed population and also enables people to move up the local housing ladder

*Stigmatisation* => affects the ability and willingness to invest and remain living in the area.

*Access to and size of homes* => review the rental system, requirement specification and a range of different sized homes.

*Important to work on a broad basis* and not just using one method.

## Impact on safety

Open environments

Breaking traffic segregation

Flows

Overview

- *Designing a variety of walkways*
- *Business premises/vibrant ground floors*
- *Management*

Regular safety inventories

- *Collaboration*

Business Improvement Districts (BID)

- *Physical planning and construction*

Crime Prevention through Environmental Design (CPTED)

Symbolic barriers, overview, 'escape routes', etc.

Lighting

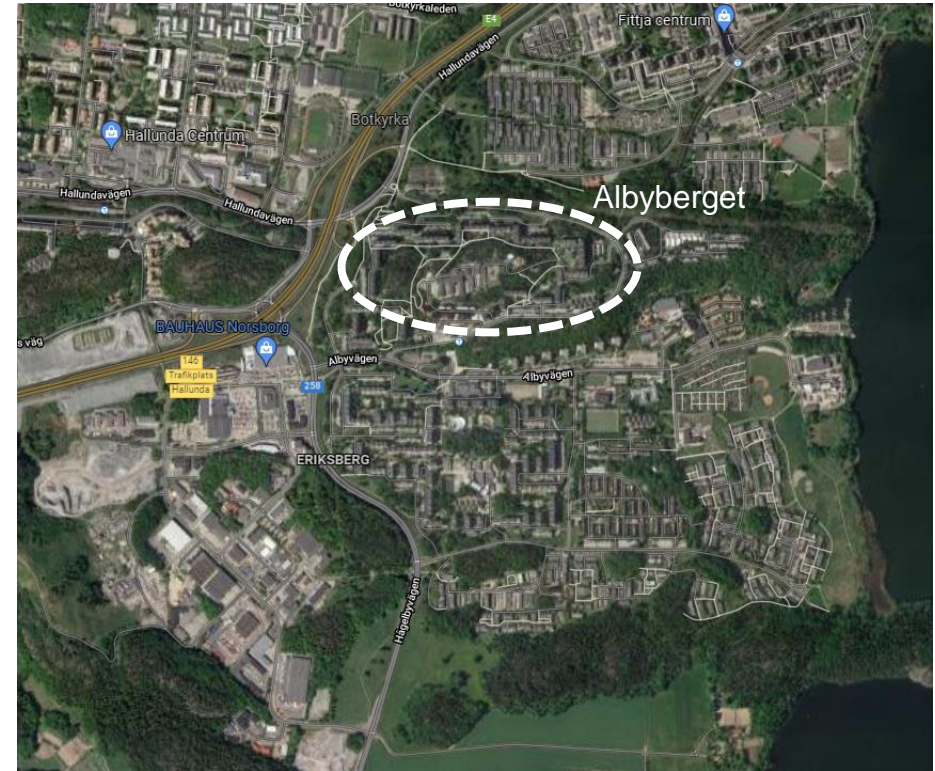


# The starting points for the project

Alby is classed as a particularly vulnerable area. A 'vulnerable area' is a geographically defined area characterised by a low socioeconomic status, where criminals have an impact on the local community. There are a number of risk factors in these areas that may result in a lack of hope for the future, such as unemployment, ill-health and failure at school. According to a report from the National Operations Department\*, these risk factors may also comprise structural factors such as the residential area's physical environment. The situation is even more acute in a 'particularly vulnerable area'. These areas are characterised by social problems and criminal presence, which have resulted in a widespread reluctance to participate in the justice process (e.g., legal system) and where the police find it difficult to carry out their work.

Around 2,000 people previously lived in Albyberget (see map), spread across 1,300 rental apartments. 150 of the apartments in this old stock were restructured into tenant-owner apartments at the same time as the project.

The area can be reached by Stockholm Metro's Red Line and is located around 30 minutes from the central hub, T-Centralen. Many residents pass by the Metro entrance every day, and it was known as an unsafe place with open drug dealing. Commercial services were limited to one newsstand in the same location.



\*The National Operations Department, File ref.: HD 44/14A203.023/2016



# The Tingstorget project

Titania built 741 new apartments in total in the area between 2015 and 2019: 246 rental apartments and 495 tenant-owner apartments. Business premises have been created in the properties closest to the Metro. This has resulted in additional commercial premises in the area, including three restaurants, a gym, a driving school, a grocery store and a hairdresser. These premises are located around a square, which is adjacent to a newly constructed playground and also the Metro entrance, and forms a natural meeting place for all of the residents in the area.

Just over 80 per cent of the new apartments comprise apartments with one or two rooms plus kitchen. Six apartments that had previously comprised accommodation under the Act concerning Support and Services for Persons with Certain Functional Impairments (LSS) have been established on the ground floor of one of the centrally located new residential buildings.

Architecture and design have been central to the project. The buildings differ in terms of their colour and shape and are characterised by the high attention to detail.

The number of inhabitants in Albyberget has increased by around 50% as a consequence of these new homes. It is estimated that just over 3,000 people are currently living here.



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- Summary

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# Expected effects of urban development

Components of urban development...

...create new opportunities

Measurable effects

## NEW HOMES

- New forms of tenure
- Construction of new apartments
- (higher demands on those moving in)



- People are able to get on/move up the housing ladder in the area
- The area attracts a greater number of ambitious young people who would otherwise have moved elsewhere



- Changing socioeconomic factors:
  - Employment rate
  - Economic standard
- Changing demographics among residents moving in and out

## NEW URBAN ENVIRONMENT

- Densification, new district structure
- Formation of centre, including restaurants
- Aesthetically attractive urban space



- The area as a whole has become more attractive for residents
- The increased sense of safety means that residents themselves are populating the urban space to a greater extent
- Visitors are attracted by what the area has to offer
- The attention attracted generates pride among residents and reduces stigmatisation



- Perceived attractiveness
- Perceived safety
- Price levels and queuing times for apartments (including surrounding housing stock)

# Representatives of the municipal authority and police have a very positive view of the project at Tingstorget

We would really like to draw attention to the development of Tingstorget.  
*Municipality of Botkyrka*

## The municipal authority

Citizens who took part in the municipal authority's citizen questionnaire requested more services, a gym, a swimming pool, restaurants and cafes. Much of this has been created at Tingstorget, which is fantastic.

The effect of Tingstorget on the surrounding area has largely been positive. The most important thing is the strong signal - "It can be done!". It has had a positive impact on the identity of Alby as a whole.

The municipal authority would have liked larger apartments and more green areas.

## Schools, youth recreation centres, cultural centres

Things are getting better and safer, although no measurable effects can be identified.

## The police

Prior to the construction work it was hoped that the area would improve, which it has. Alby has become a great new neighbourhood with its own small square – nice and convivial.

A new gathering point often brings criminality. The police have made efforts in the centre, which has resulted in the sale of drugs being moved on to some extent.

"Drugs are sold openly, although this is not unique to Alby. It is happening everywhere. People come from all over the city to buy them. There are more people from out of the area who are buying."

Narcotics are stored virtually everywhere - stairways, basement passages, etc. This is not unique to Tingstorget; this is also happening everywhere. The police do not have any solutions or suggestions about how this can be counteracted and avoided

There is a new kind of tenant living in Titania's buildings - "We rarely have to go to these buildings in the course of our work".

Crime has not increased in the area despite many more inhabitants.

The new buildings have *only* made a positive contribution - we do not see any negatives.  
*The Police*

## The most important effects:

More residents who appear to be law abiding and good people.

The square as a new gathering point, well lit and good from a safety point of view.

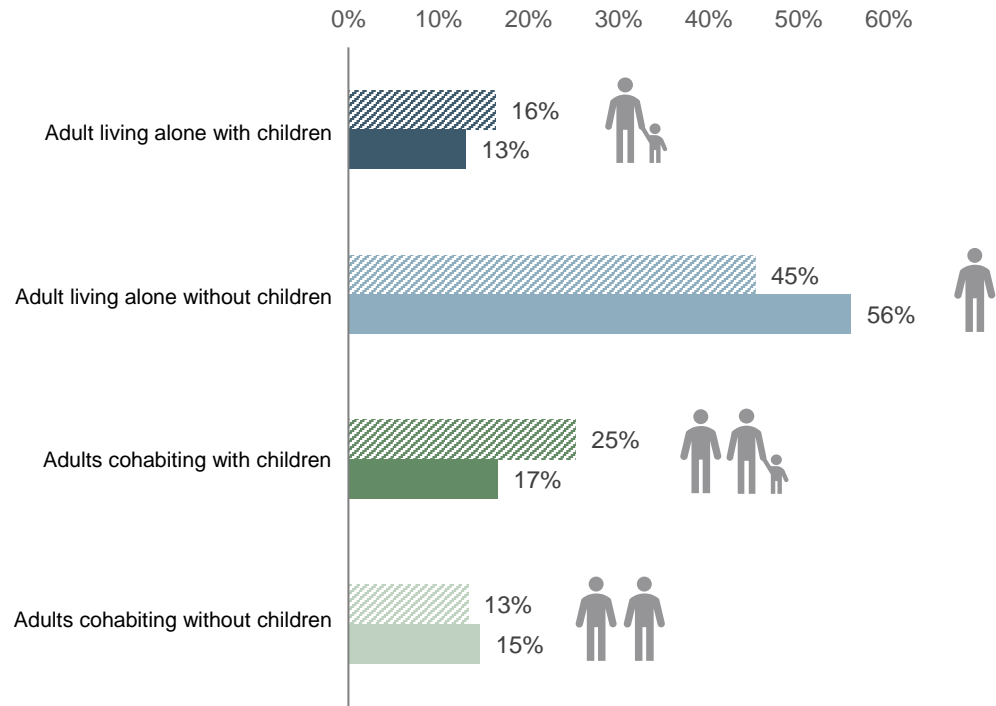
Message for Titania: Carry on building - We have only seen positive changes.



# The urban development of Tingstorget has had a real impact on the mix of household types at Albyberget

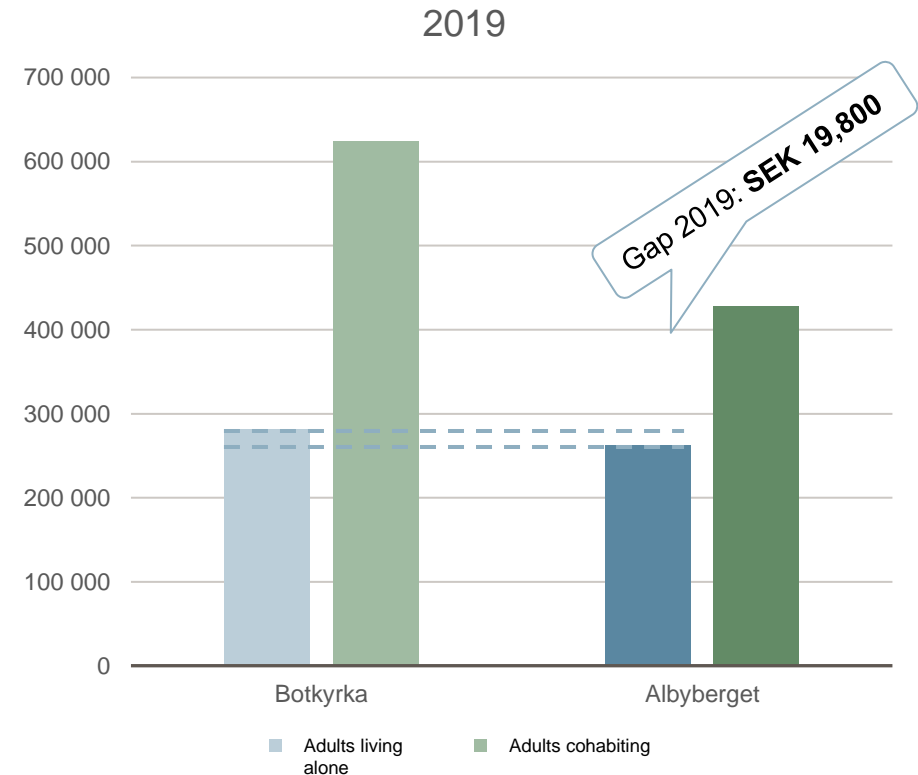
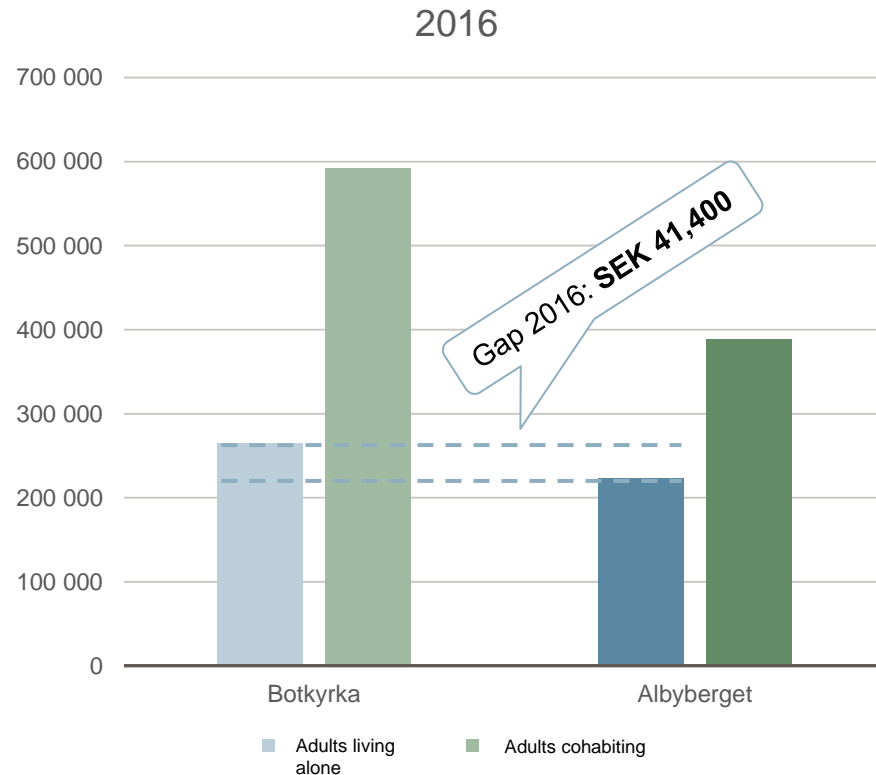


Proportion of households in each household constellation, *Albyberget 2015* (dashed lines) vs. *2020* (solid)



Source: Statistics Sweden and Evidens

# The gap in disposable household income for single households halved in three years ...

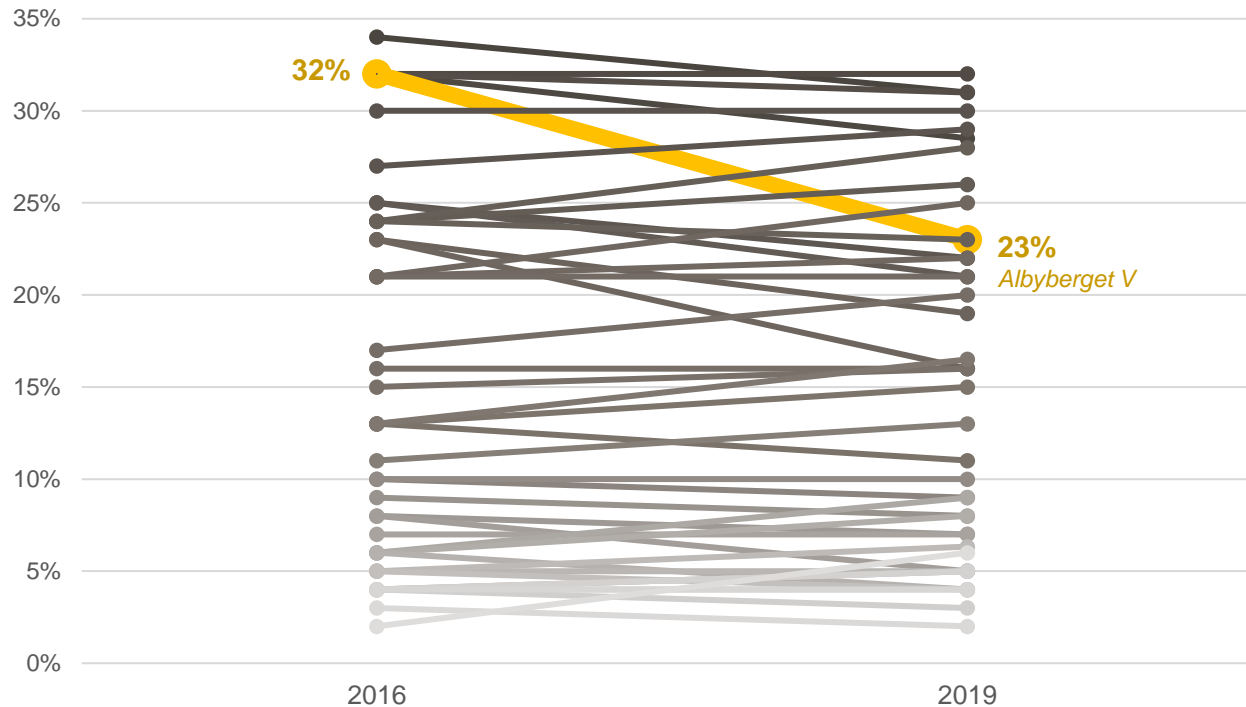


Source: Statistics Sweden and Evidens



# There was a significant reduction in the proportion of people with a **low** economic standard in Albyberget compared with other areas of the municipality

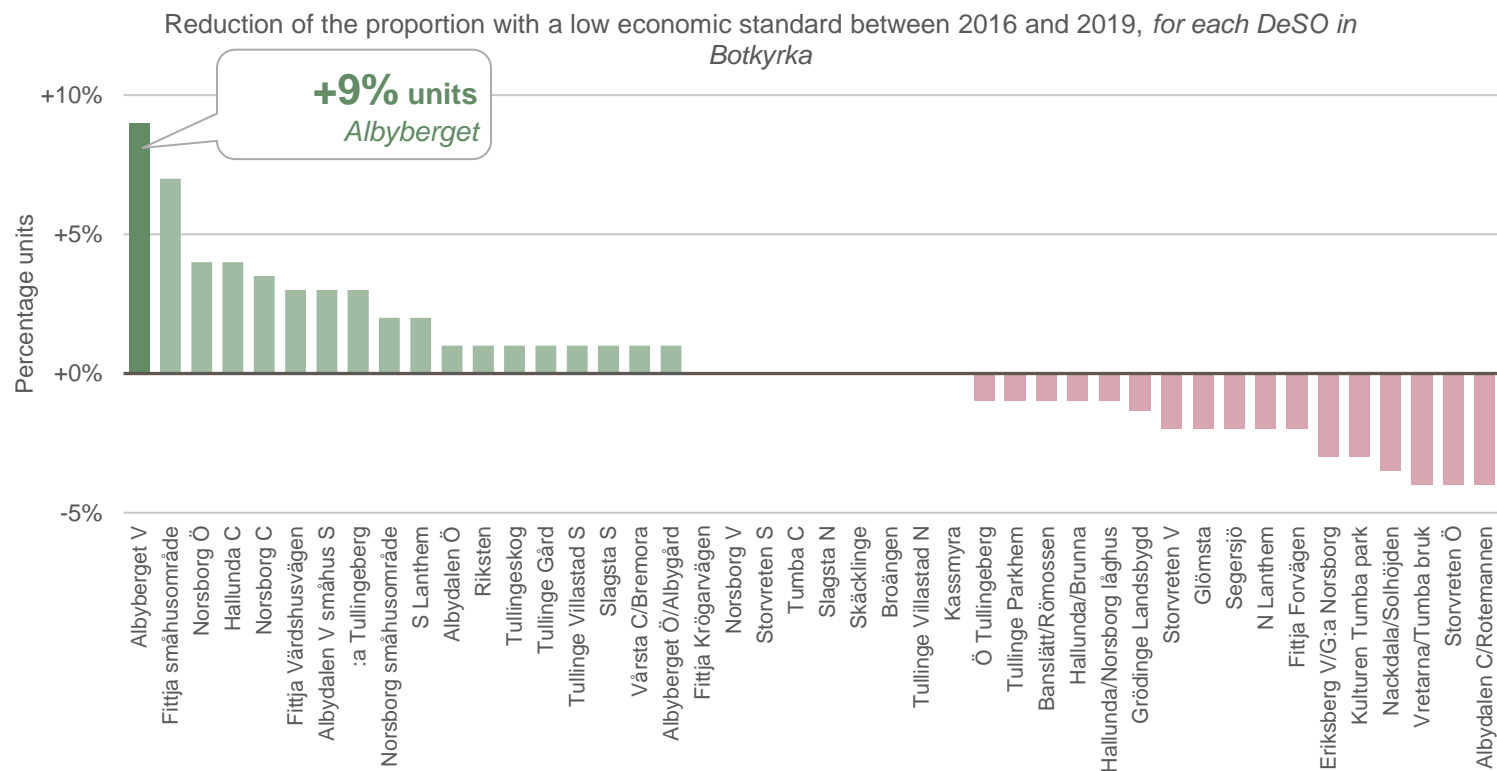
Proportion of people with a low economic standard, 20-64 yrs, 2016 v. 2019,  
*Municipality of Botkyrka, for each DeSO*



Source: Statistics Sweden and Evidens

- Statistics Sweden has split the Municipality of Botkyrka up into 50 demographic statistical areas (DeSO), which initially had between 700 and 2,700 inhabitants.
- This more high resolution level allows comparisons at a more high resolution level.
- 'Economic standard' is calculated as disposable income per consumption unit and is a measure that enables the comparison of the economic standard of households and takes account of different household compositions. The number of people in a household may differ, which obviously affects the economic standard. Members of a household are given different consumption weightings depending on the composition of the household.

# There was a significant increase in the proportion of people with a high or medium economic standard in Albyberget between 2016 and 2019



Source: Statistics Sweden and Evidens

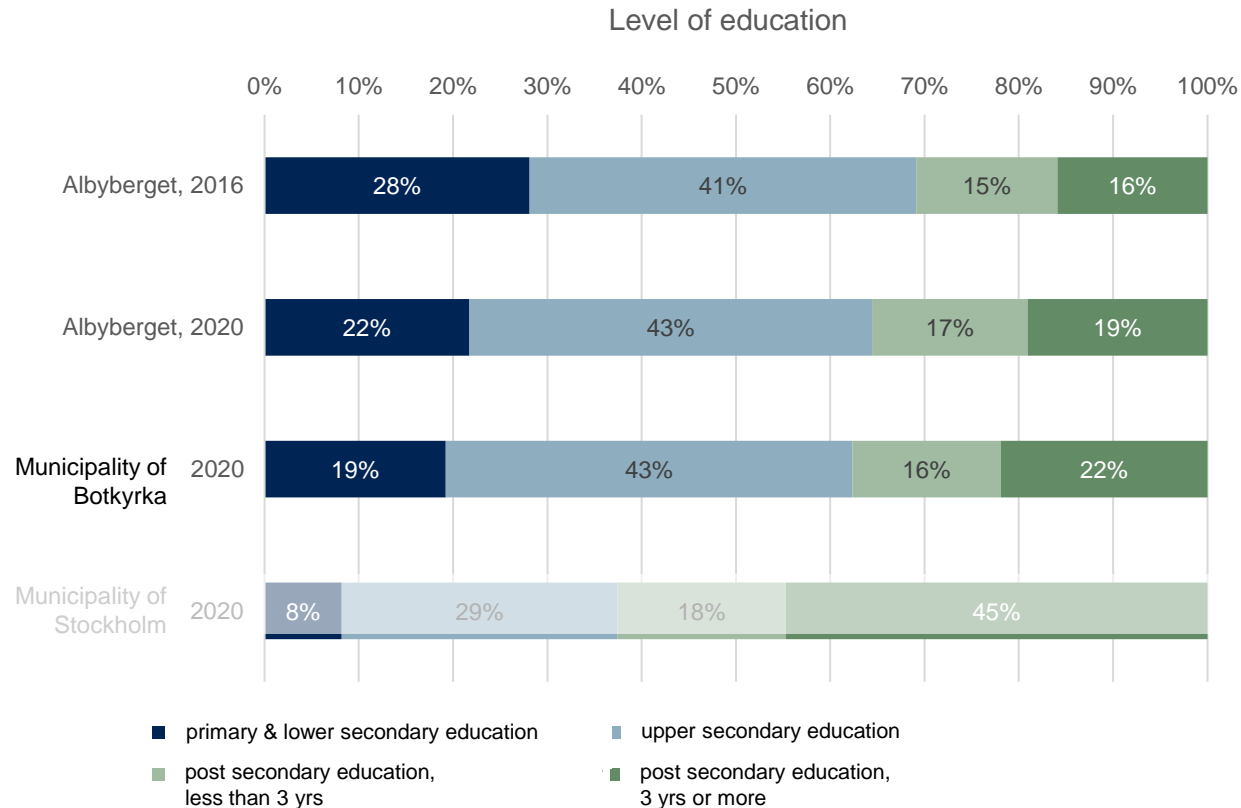
- **Albyberget demonstrates the greatest improvement in the proportion of people with a medium/high economic standard in Botkyrka during the period.**
- The economic standard **reduced** in a third of the municipality's statistical areas during the same period.



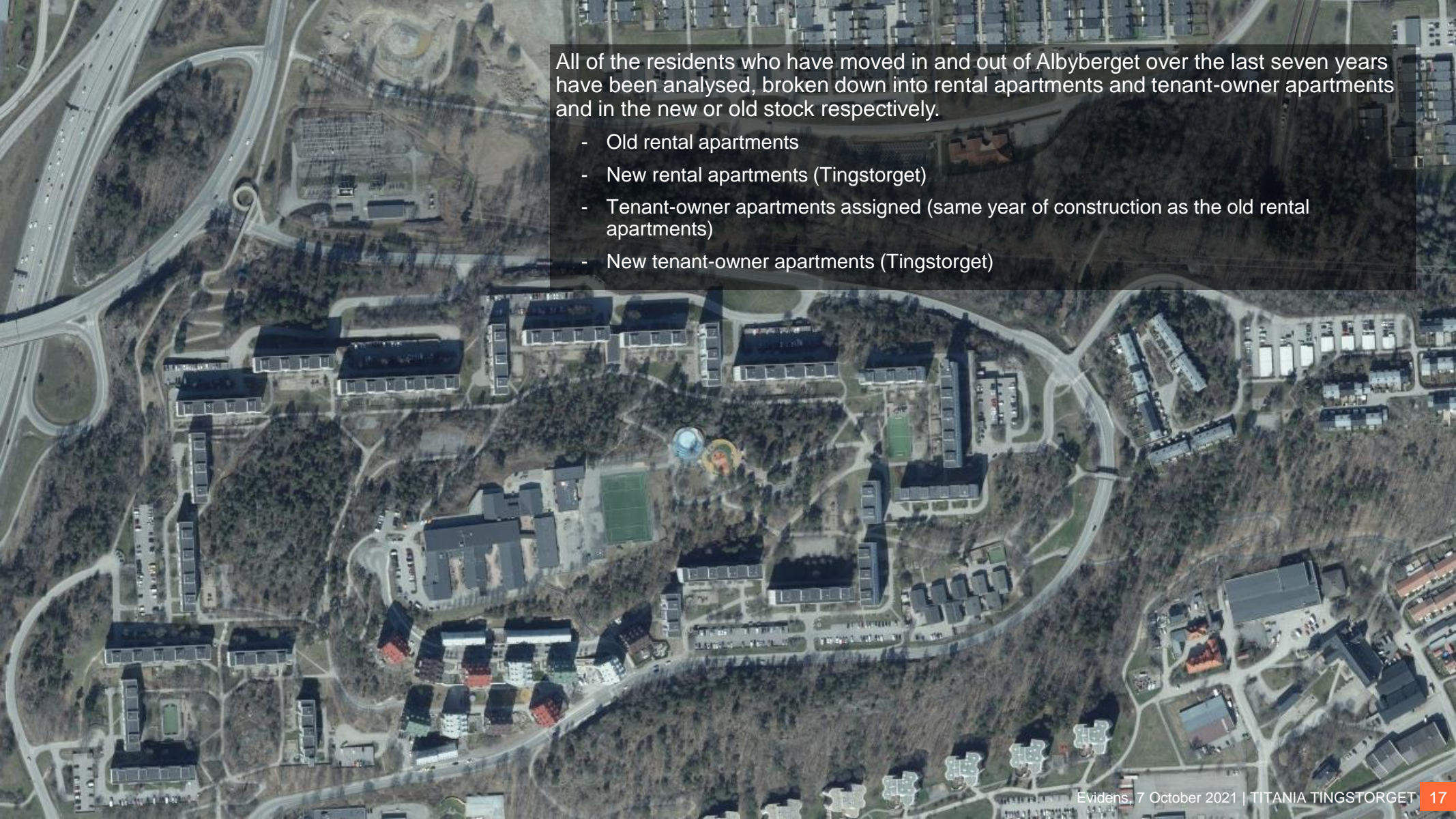
# No change in Botkyrka, but a clear improvement in Albyberget

Income component	Botkyrka 2016		Botkyrka 2019		Albyberget 2016		Albyberget 2019	
	Average proportion, including type of income	Average value (SEK)	Average proportion, including type of income	Average value (SEK)	Average proportion, including type of income	Average value (SEK)	Average proportion, including type of income	Average value (SEK)
unemployment allowance	7%	5,614	7%	5,514	13%	10,700	9%	6,900
child allowance	31%	4,450	31%	5,022	28%	4,400	27%	4,300
housing allowance	9%	2,452	9%	2,476	17%	4,800	11%	3,100
financial assistance	3%	1,692	3%	1,746	6%	4,000	4%	3,300
parental benefit	18%	5,718	18%	5,678	15%	5,100	17%	5,000
income from capital	43%	11,794	42%	10,986	13%	1,300	16%	500
income from pay	68%	209,494	69%	220,702	66%	158,500	75%	202,000
net income	96%	249,798	96%	250,462	94%	182,400	95%	204,800
income from business activities, etc.	5%	8,806	5%	7,236	3%	4,900	3%	6,000
pensions	24%	44,514	23%	43,252	13%	16,000	10%	11,000
sickness and activity compensation	4%	4,536	3%	3,640	5%	6,400	2%	3,000
sickness benefit, etc.	10%	5,802	9%	5,072	9%	5,100	8%	3,800
tax and general contributions	91%	77,956	91%	76,456	84%	46,600	87%	51,800
student finance incl. student loans	6%	3,212	7%	3,814	8%	3,900	9%	4,700
other negative transfers	14%	2,122	14%	1,922	16%	3,000	18%	2,600
other tax-exempt transfers	1%	90	1%	64	1%	100	0%	0
other taxable transfers	3%	1,372	3%	1,226	3%	1,400	2%	1,000

# The level of education at Albyberget has increased in the last five years and is currently close to the average for the municipality



- The proportion of people in Albyberget who have only had compulsory education has reduced from 28% to 22% in five years.
- The proportion of higher education graduates increased from 31% to 36% during the same period.
- This development has resulted in Albyberget being largely on a level with Botkyrka as a whole.

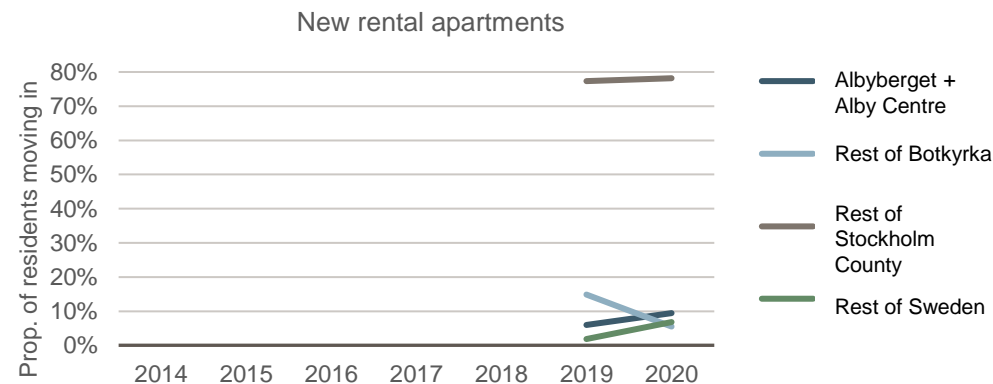
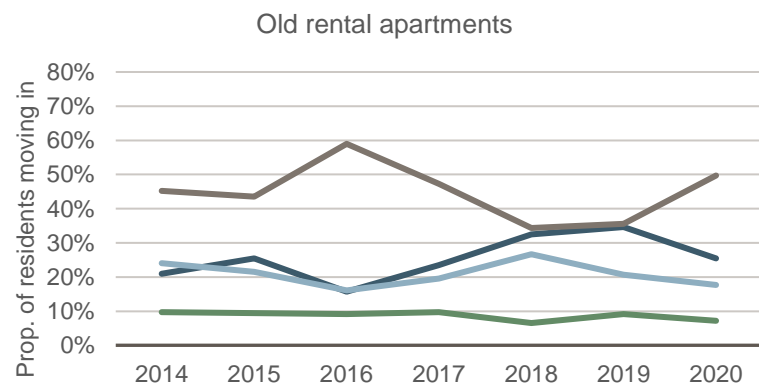
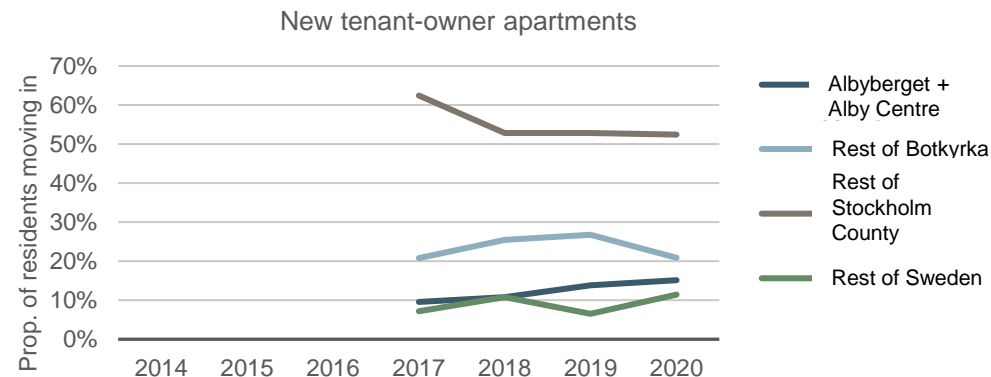
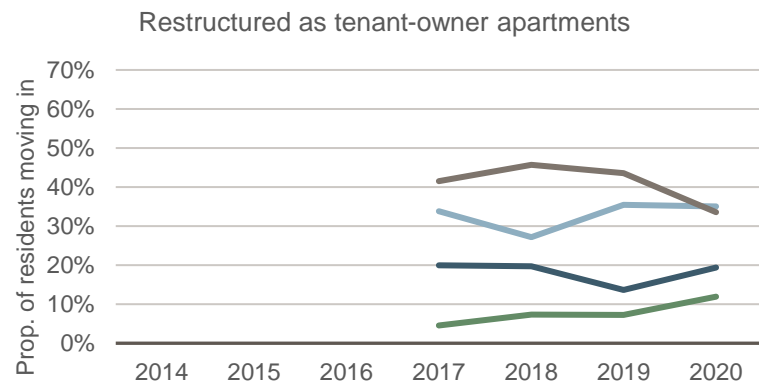


All of the residents who have moved in and out of Albyberget over the last seven years have been analysed, broken down into rental apartments and tenant-owner apartments and in the new or old stock respectively.

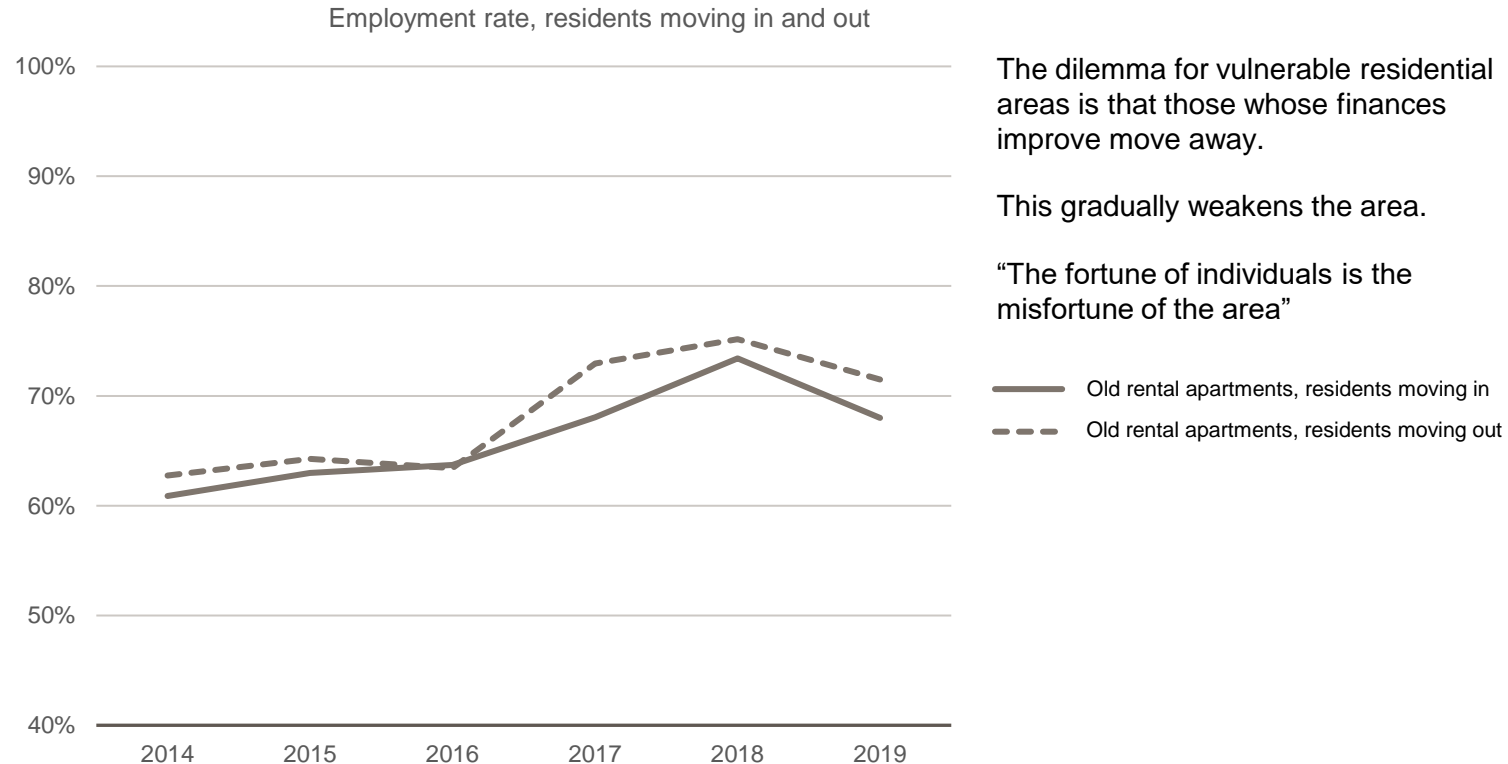
- Old rental apartments
- New rental apartments (Tingstorget)
- Tenant-owner apartments assigned (same year of construction as the old rental apartments)
- New tenant-owner apartments (Tingstorget)



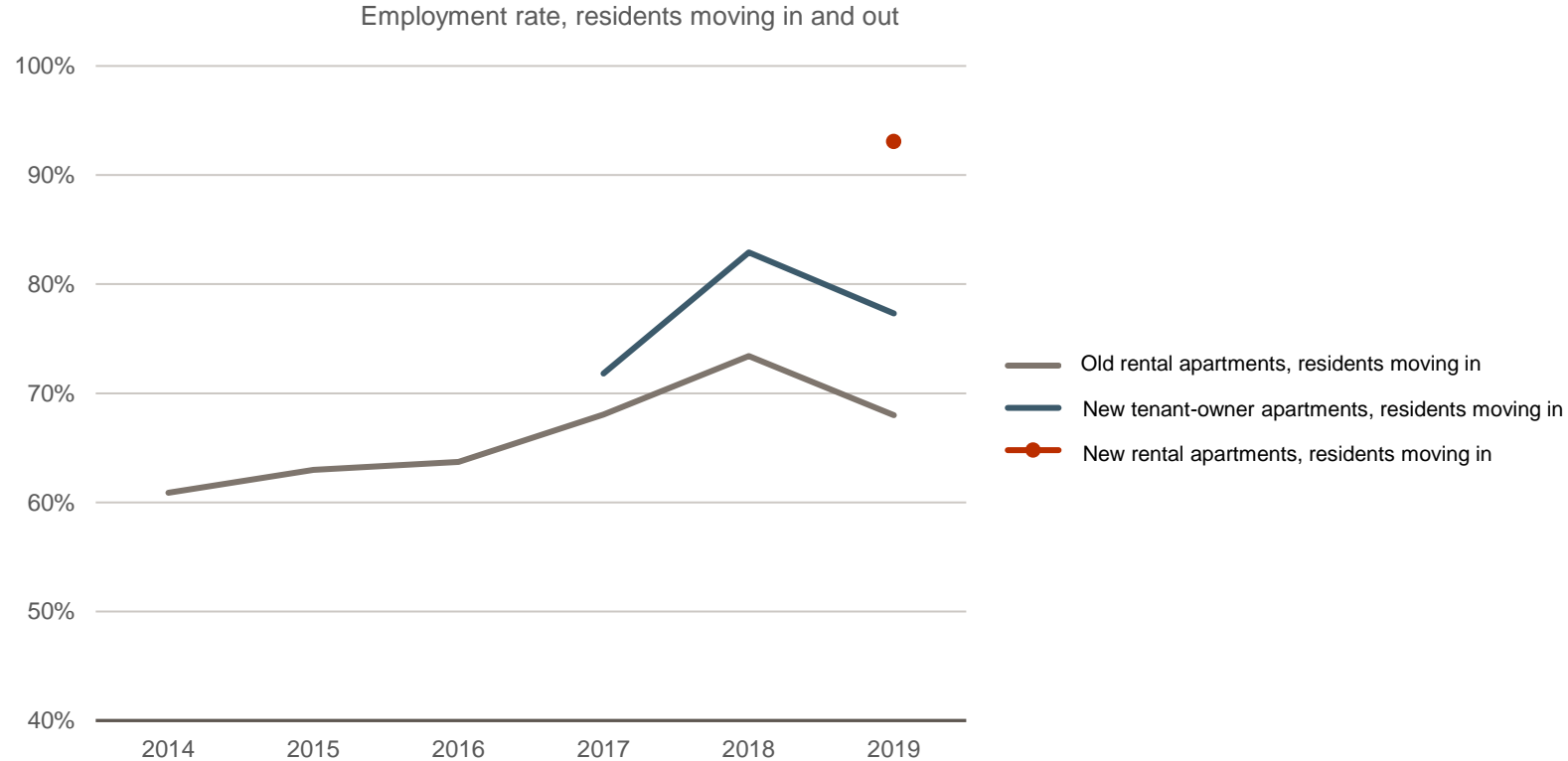
# Wider catchment area for both new tenant-owner and rental apartments



# Residents moving out of the old rental stock have a consistently higher employment rate than those moving in - 'The Happiness Paradox'

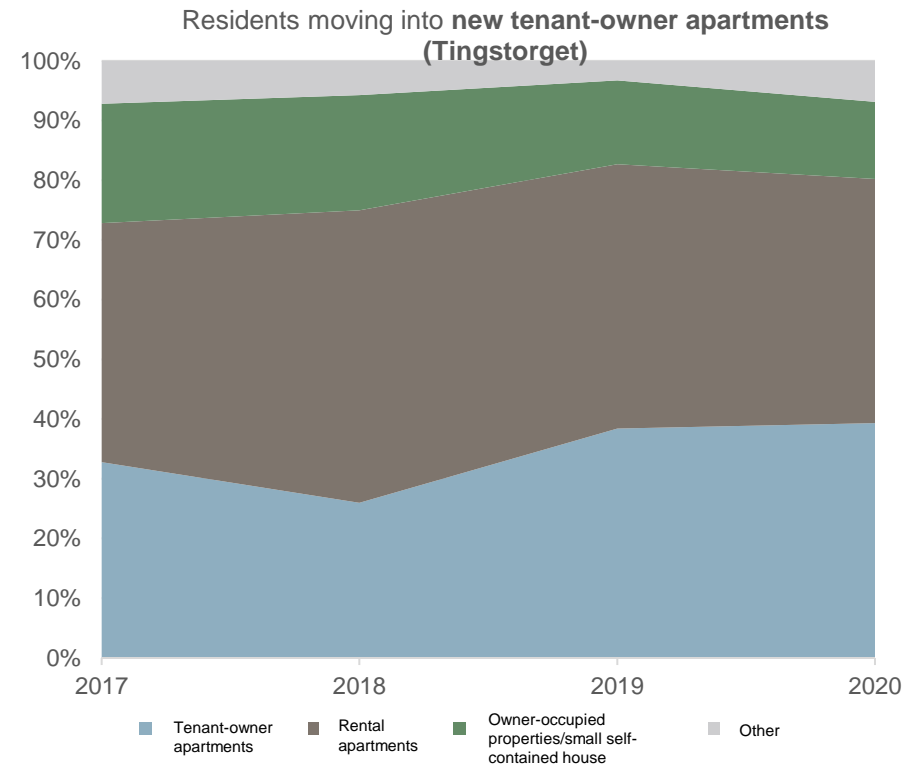
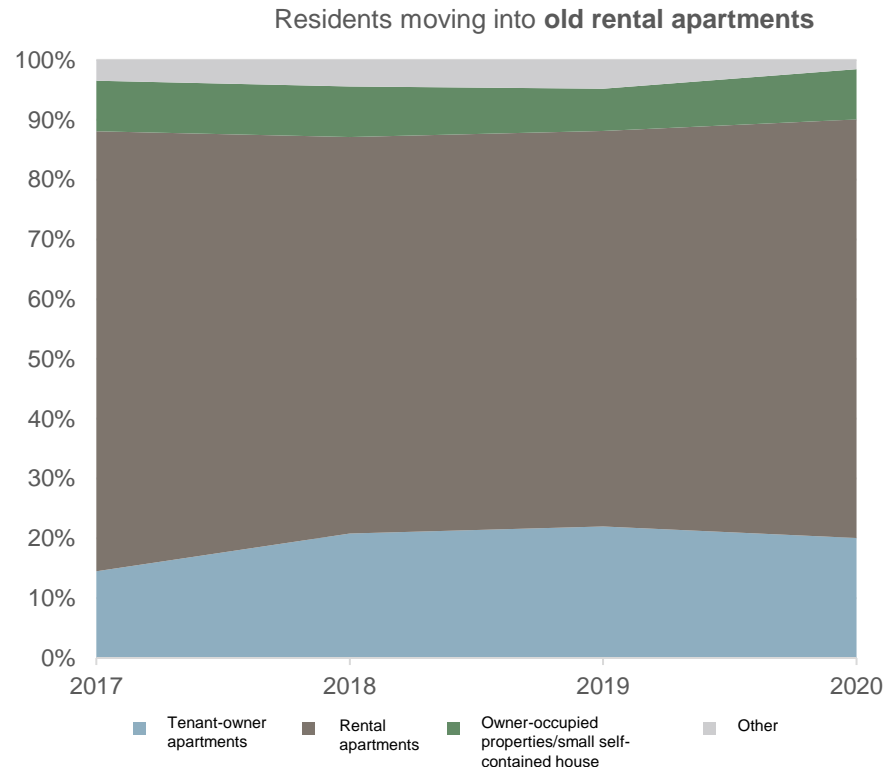


# The construction of new apartments at Tingstorget has changed this pattern and is attracting a significantly higher employment rate

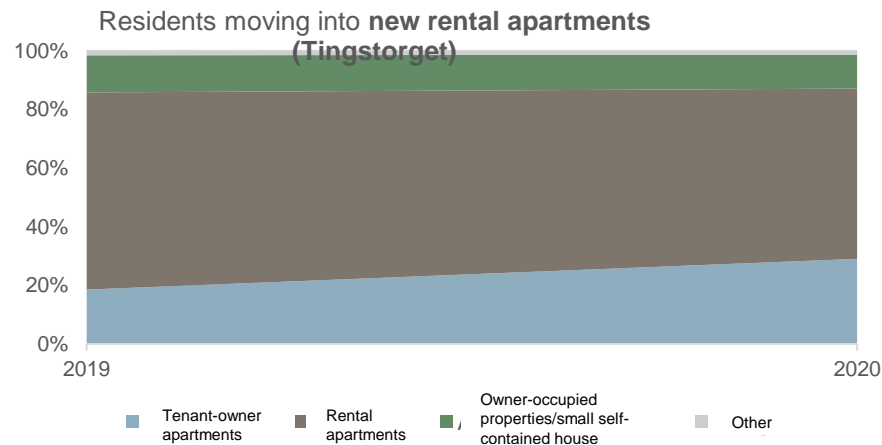
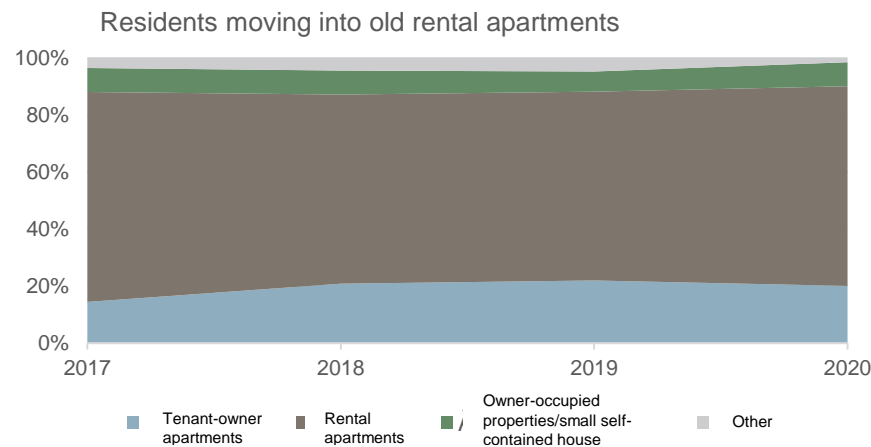
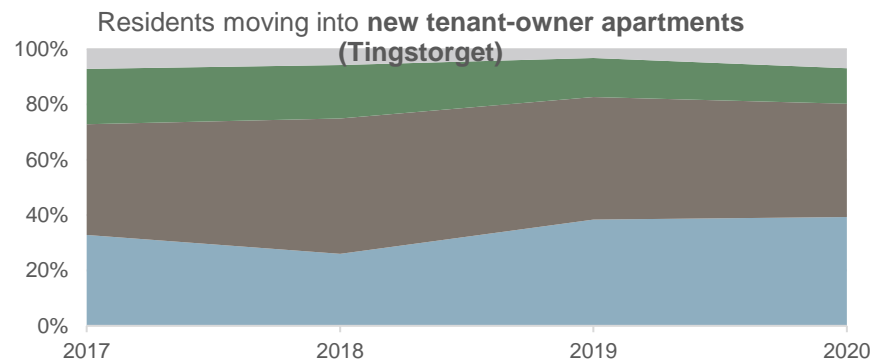
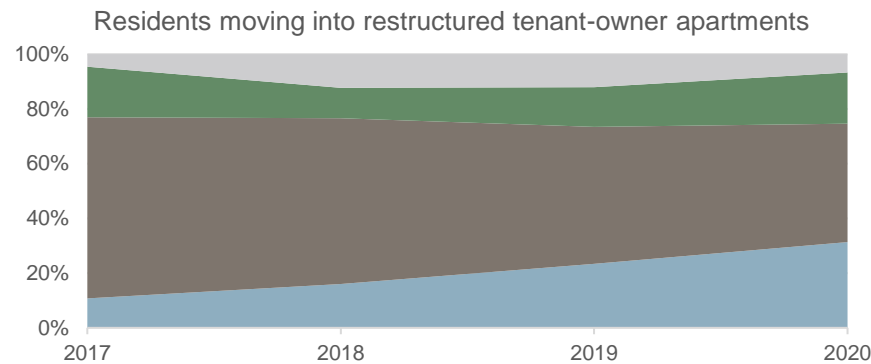




# The new tenant-owner apartments in Tingstorget are attracting more people who have previously owned homes, mainly tenant-owner apartments

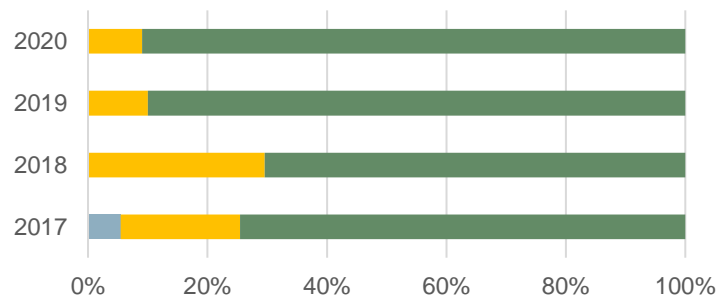


# The new tenant-owner apartments in Tingstorget are attracting more people who have previously owned homes, mainly tenant-owner apartments

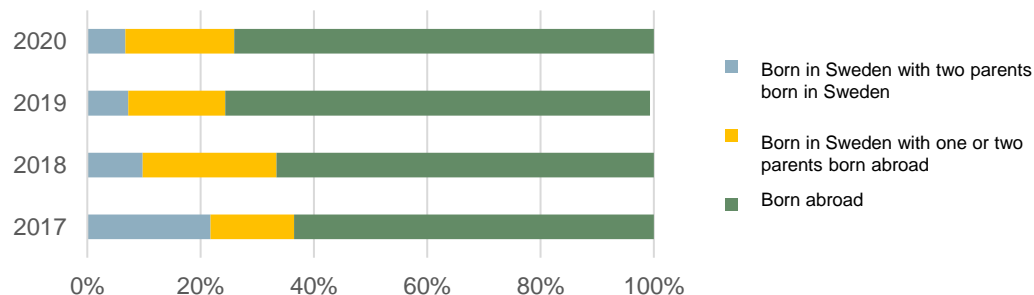


# Titania's construction of new apartments has attracted a more mixed target group in terms of peoples' backgrounds

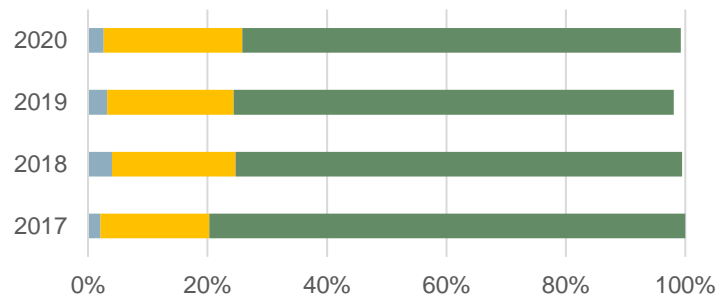
Restructured as tenant-owner apartments



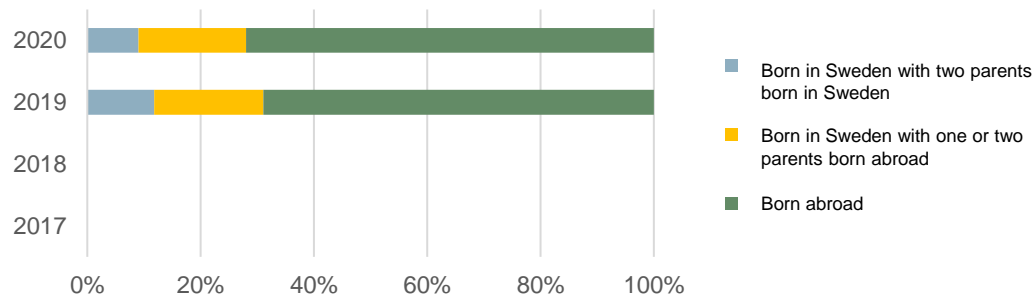
New tenant-owner apartments



Rental apartments



New rental apartments



*Residents moving into the various components of the housing stock in proportions for Swedish/foreign background*



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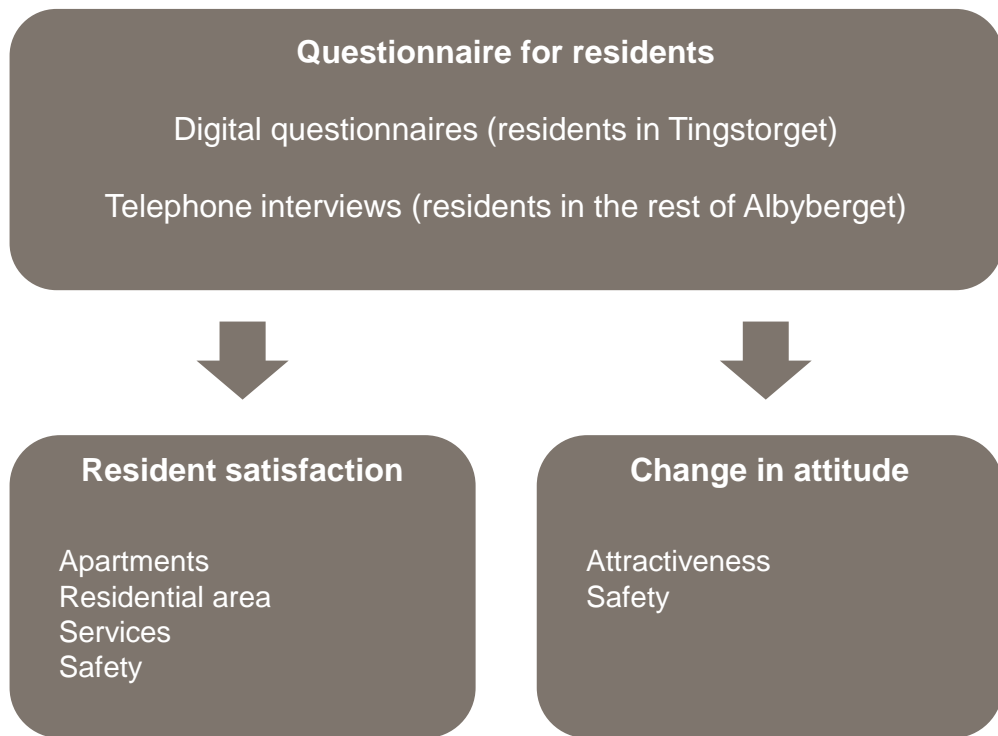
Introduction

— **Effects of urban development in Tingstorget**

- Demographic and socioeconomic factors
- **Safety and attractiveness**
- Summary

Investment potential





The following pages present an extract from the results of a questionnaire conducted by Evimetrix among residents in Albyberget.

The purpose was to investigate the residents' views of the physical environment and services. In addition, it investigated the residents' perception of attractiveness and safety before and after the construction of new apartments in Tingstorget.

A third of the residents in Tingstorget responded to the questionnaire.

All of the results are provided in a separate report from Evimetrix.

# Residents in Albyberget appreciate the construction of new apartments in Tingstorget

Residents of each sub-area about apartments outside their own residential area



Residents in the Rest of Albyberget are more positive about the apartments in Tingstorget than the residents of Tingstorget are about the apartments in the Rest of Albyberget.

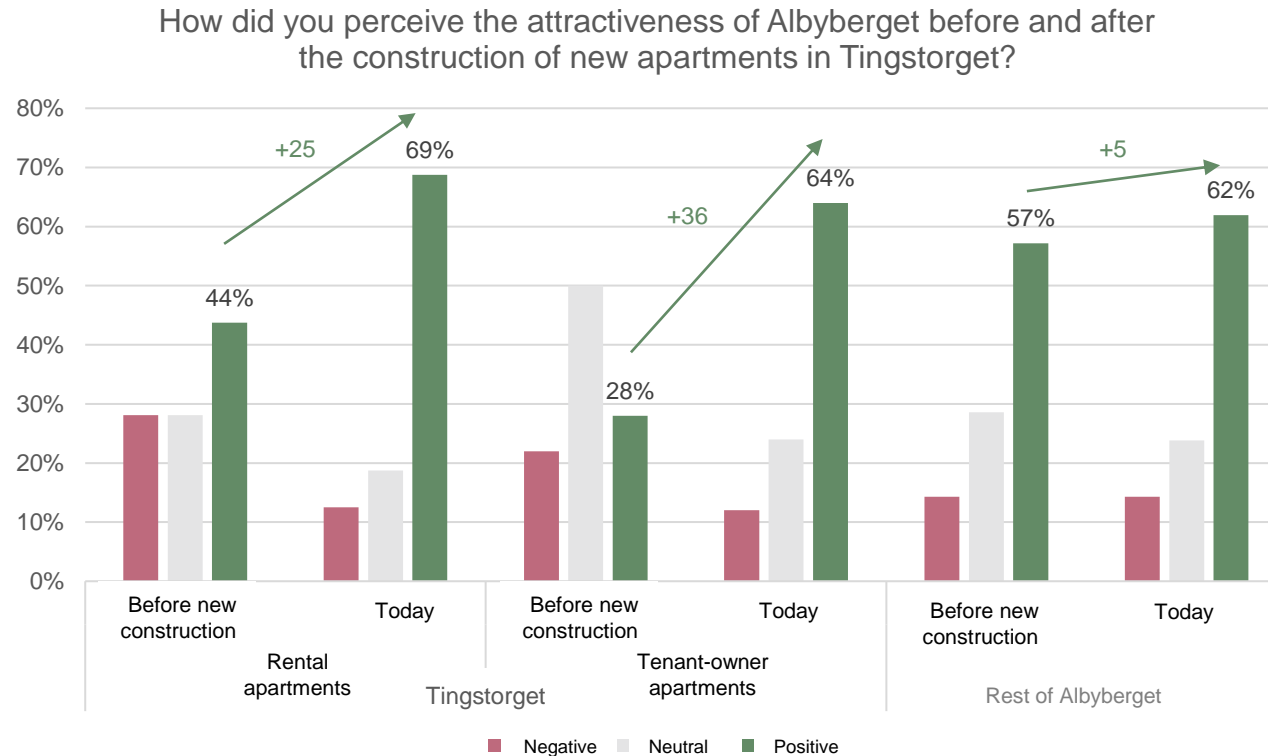
*Question to residents in Tingstorget: What is your opinion of the apartments and buildings in Albyberget that **are not located in** Tingstorget?*

*Question to residents in the Rest of Albyberget: What is your opinion of the apartments and buildings in Albyberget that **are located in** Tingstorget?*

Source: Evimetrix's questionnaire and interviews in 2021



# The attractiveness of the area has increased with the construction of new apartments in Tingstorget



These questions were put to those residents who knew Albyberget before the construction of new apartments.

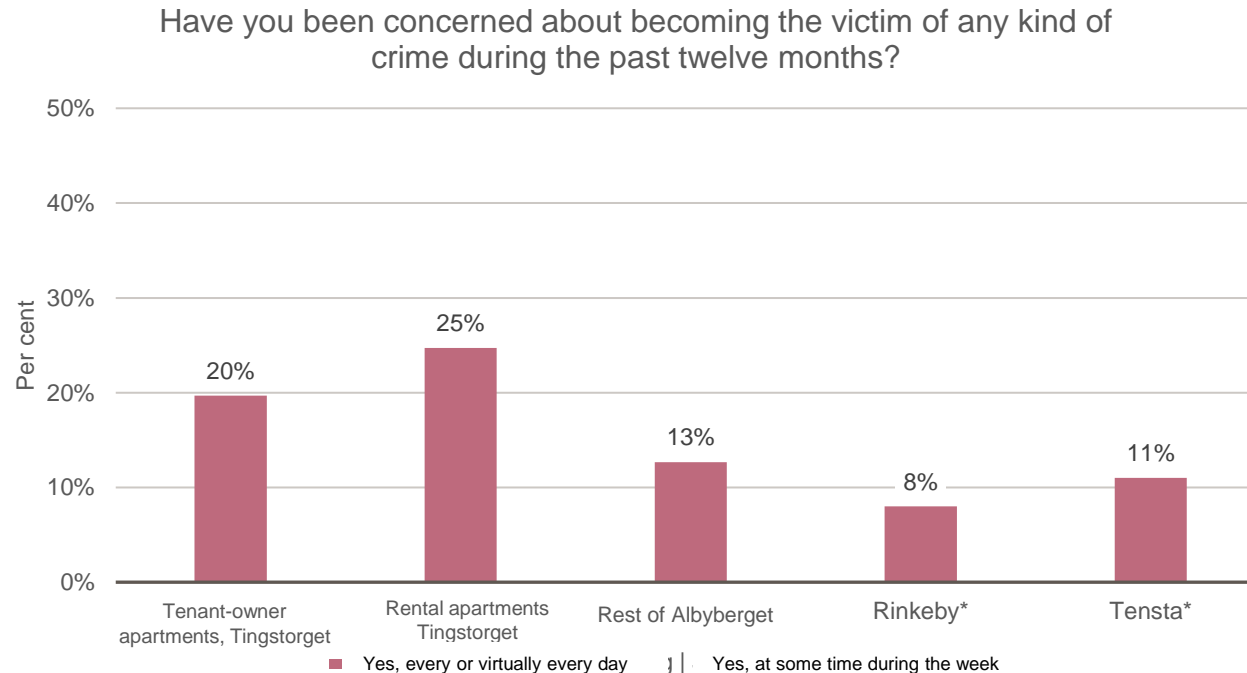
The diagram shows how attitudes to the attractiveness of the area have changed.

A clearly positive change was seen for all groups in their perception of the area's attractiveness, particularly among residents in Tingstorget.

*These questions were only put to residents in Tingstorget and the Rest of Albyberget who knew Albyberget prior to the construction of new apartments in Tingstorget.*

Source: Evimetrix's questionnaire and interviews in 2021

# High level of concern about becoming the victim of crime among residents in Tingstorget



Residents in Tingstorget are concerned about becoming a victim of crime more often than in other particularly vulnerable areas\*\*.

Residents in the Rest of Albyberget are concerned about becoming a victim of crime to more or less the same extent as in other particularly vulnerable areas\*\*.

Residents who knew Albyberget before the construction of new apartments are concerned less frequently than residents who did not know Albyberget before (see *Appendix*).

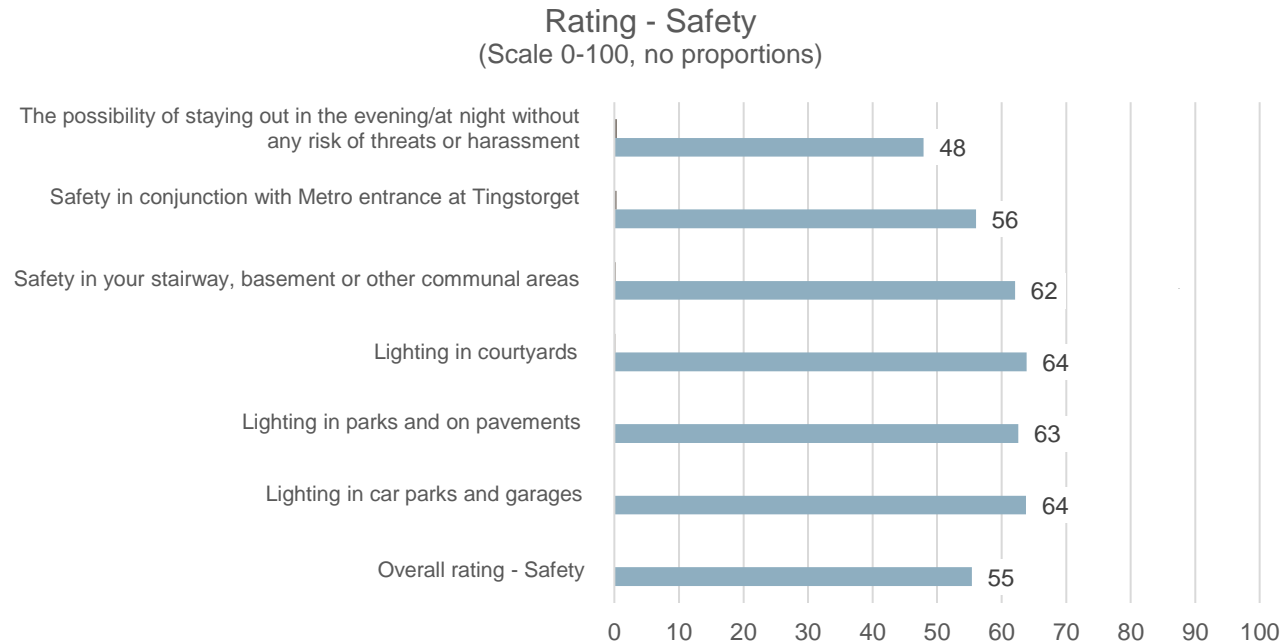
*Possible response options: Yes, every or virtually every day | Yes, at some point during the week | Yes, at some point during the month | Yes, several times during the year | No, never*

*\*\*Rinkeby, Tensta*

Source: Evimetrix's questionnaire and interviews in 2021

\*Source: City of Stockholm's Safety Survey for 2020

# Rating – Safety in Tingstorget today

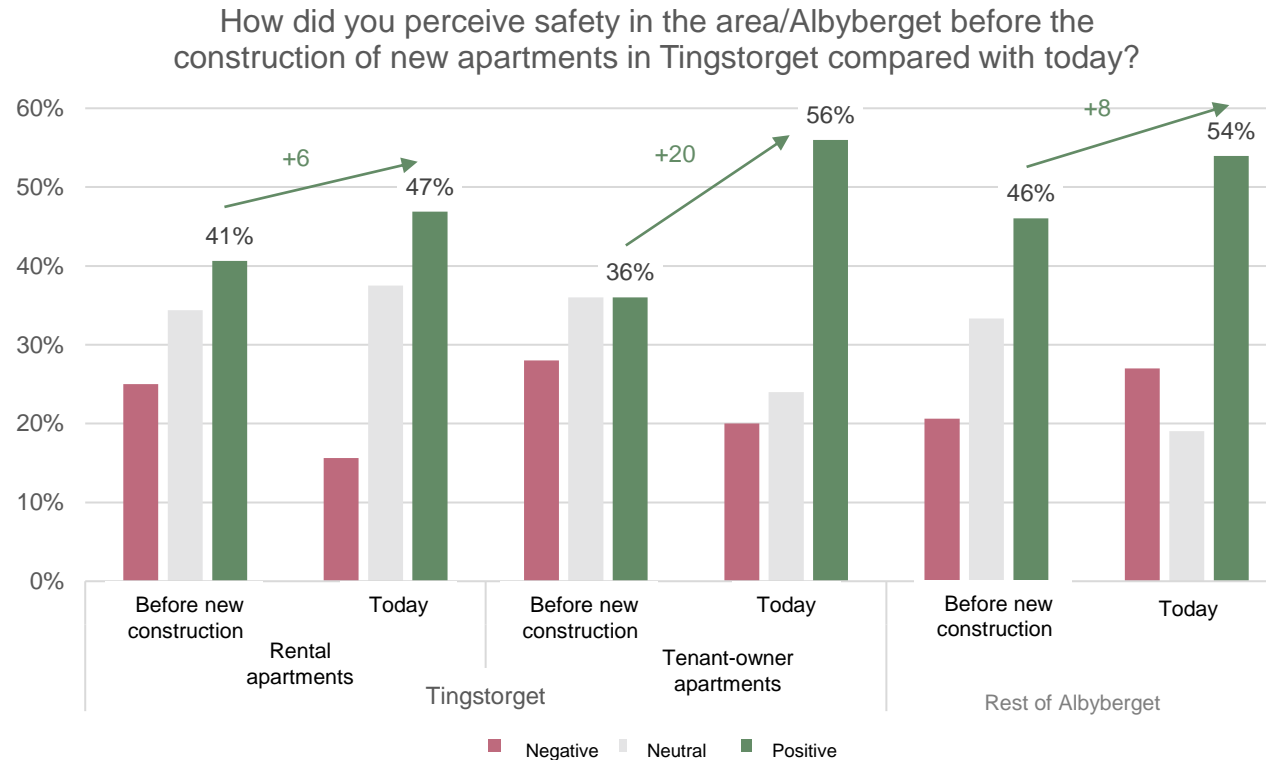


Safety in Tingstorget generally got quite a low rating. Lighting got an approval rating.



Source: Evimetrix's questionnaire to residents of Tingstorget in 2021

# However, there is a better perception of safety in the area today



These questions were put to residents in Tingstorget and the Rest of Albyberget who knew Albyberget prior to the construction of new apartments.

The diagram shows how the attitude to safety in the area has changed.

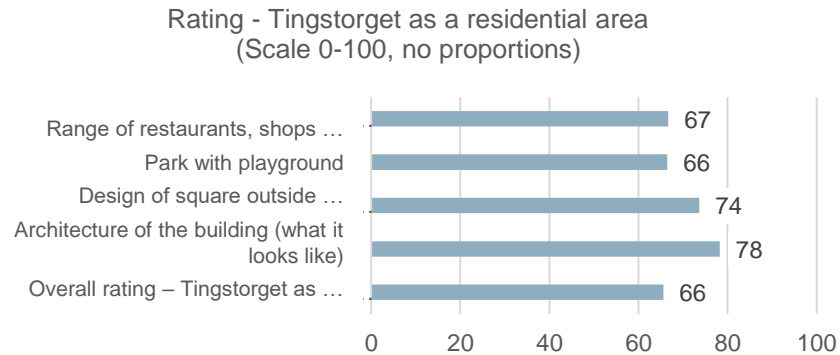
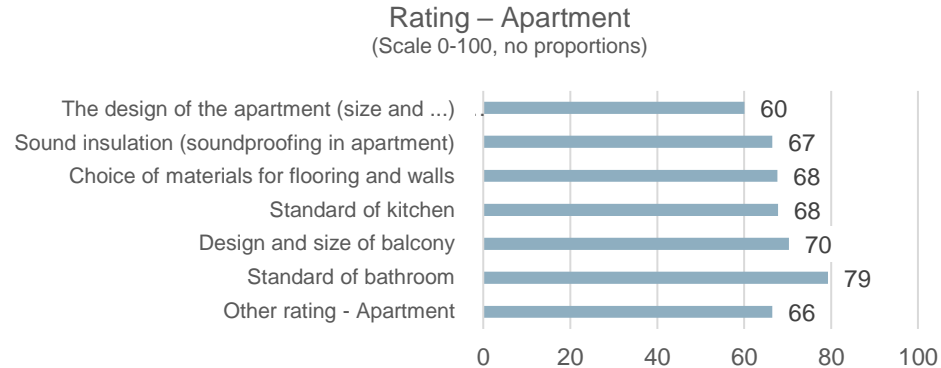
The results show a clearly positive change to perceived safety.

Source: Evimetrix's questionnaire and interviews in 2021

# Good rating for both the design of apartments and the area

The new apartments in Tingstorget were given good ratings. The design of the apartments (size and planning) was given a slightly lower rating, which may be due the apartments in Tingstorget basically being small.

The external environment also got good reviews, with the architecture of the buildings standing out in particular, with a rating of 78 on a scale of 100.



Source: Evimetrix's questionnaire to residents in Tingstorget in 2021



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- Safety and attractiveness
- **Summary**

Investment potential



# Summary

Socioeconomic factors among residents in Albyberget have improved in several respects.

- There was a significant reduction in the proportion of people with a low economic standard in Albyberget compared with other areas of the municipality.
- The proportion of people with income from pay in Albyberget has increased from 66% to 75% and is now above the average for Botkyrka.
- The level of education in Albyberget has increased in the last five years and is currently close to the average for the municipality.

The construction of new apartments has attracted a more mixed target group in terms of origin compared with previously.

Questionnaires and interviews with residents show that perceived attractiveness and also perceived safety has increased, both among residents in Tingstorget and in the rest of Albyberget.

## Measurable effects

Changing socioeconomic factors:

- Employment rate
- Economic standard

Changing demographics among residents moving in and out

- Perceived attractiveness
- Perceived safety
- *Price levels and queuing times for apartments (including surrounding housing stock)*

# Contents

Introduction

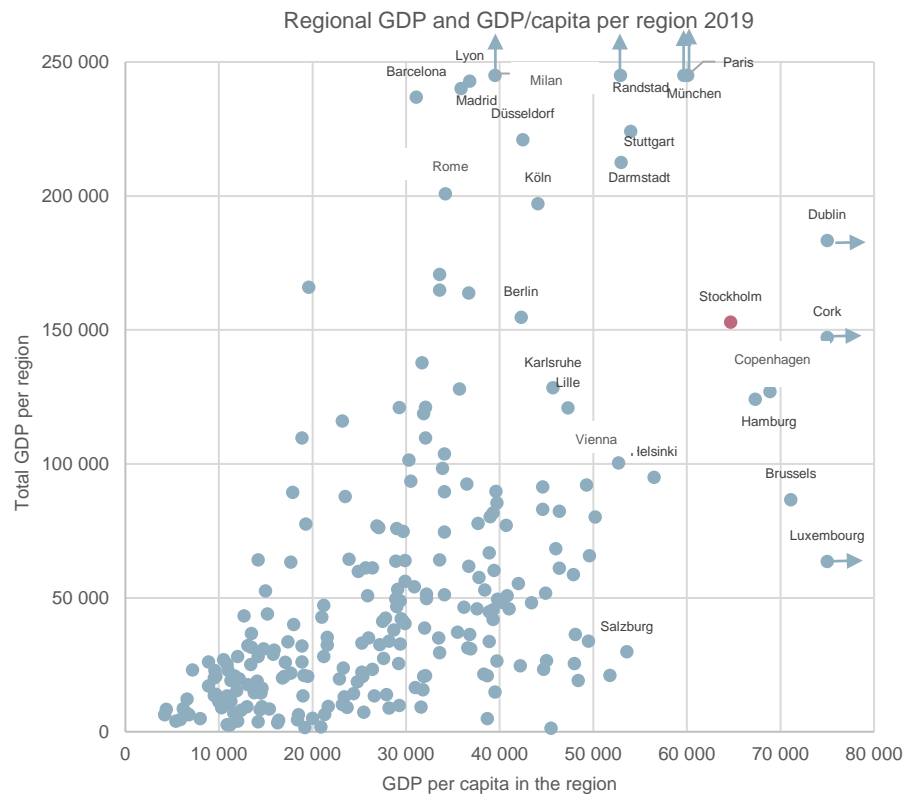
Effects of urban development in Tingstorget

## Investment potential

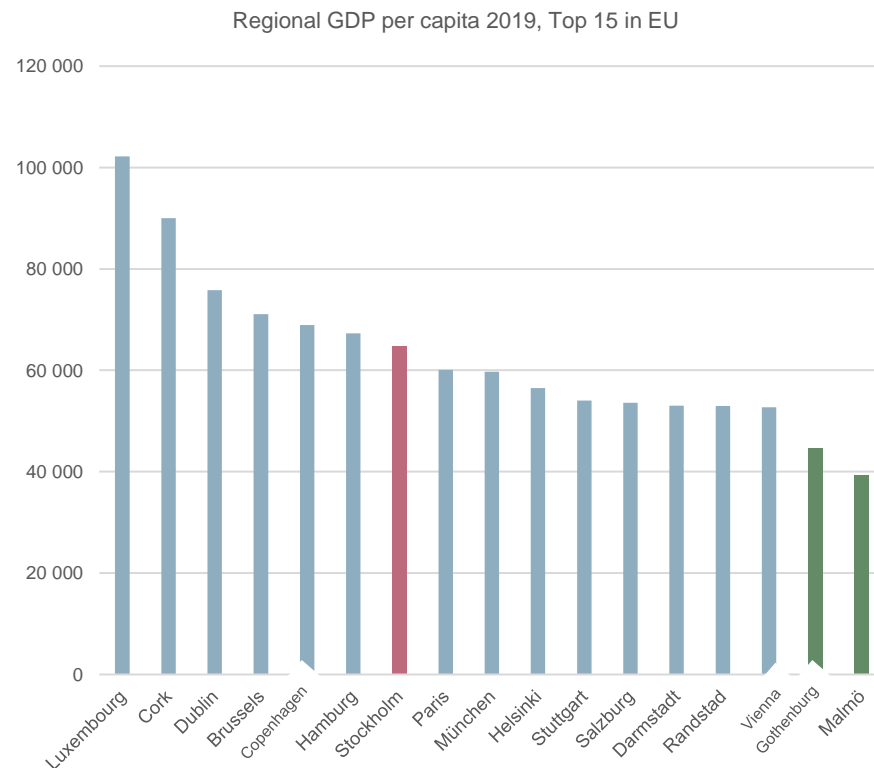
- Alby from a global perspective and the growth of Botkyrka
- Target group analysis
- Price level and queuing times



# Stockholm: One of Europe's largest and wealthiest regions...

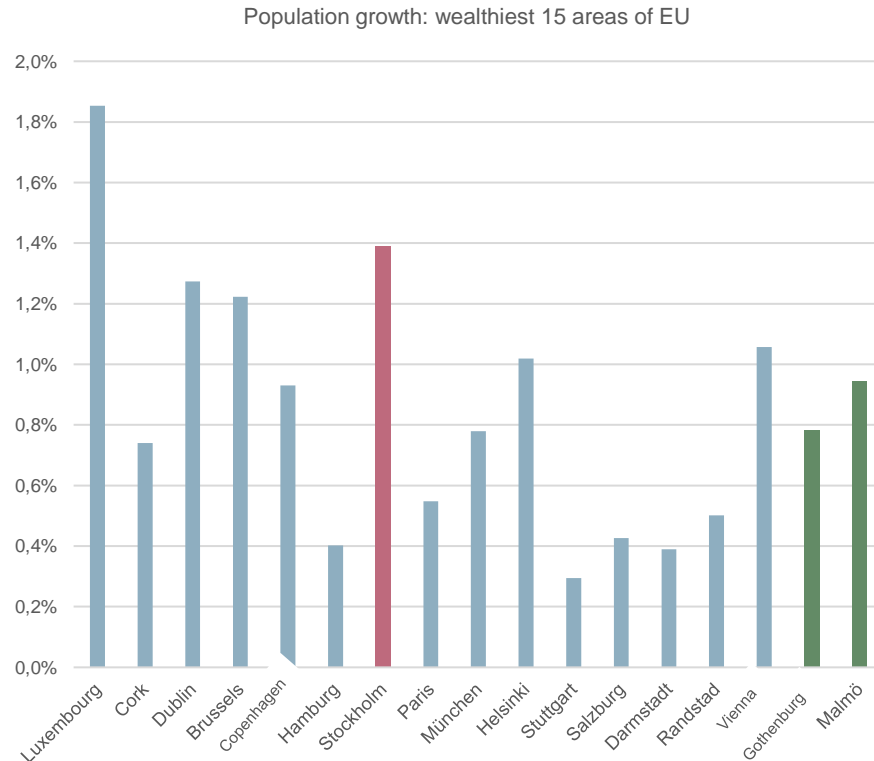


Source: Eurostat and Evidens



Gothenburg and Malmö are included as a comparison, not as the Top 15 regions.

## ...and the fastest growing



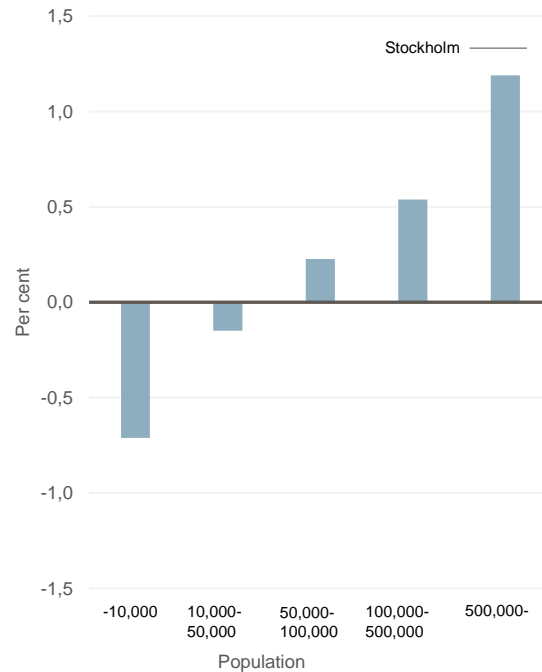
Source: Eurostat and Evidens

- Stockholm is one of the fastest growing of the 15 wealthiest regions of Europe.
- Empirical research shows that the large regions have a broader range of education, culture and work opportunities through greater and more developed trade and industry than smaller regions.
- This is a consistent pattern throughout Europe and geography plays a decisive role in economic development.
- Economic geography is not flat – undertakings and other economic activities are not evenly spread geographically and are everywhere, but are highly concentrated in very small areas of Sweden, while other areas are basically empty in economic terms. For example, less than one per cent of the land area of Sweden generated over 90 per cent of the country's GDP.

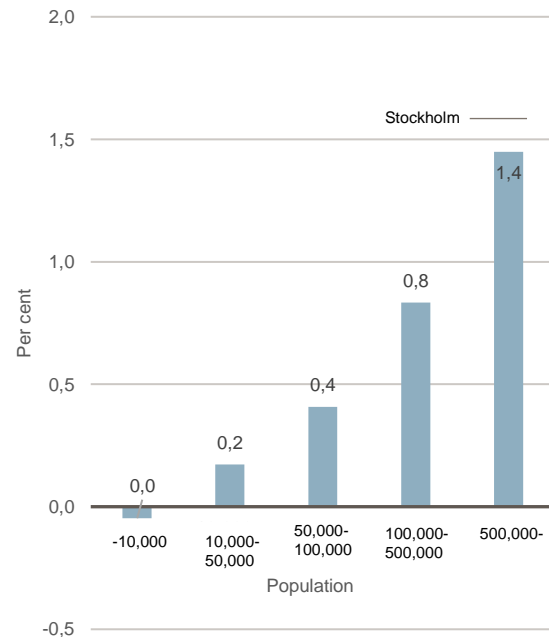


# Stockholm is growing faster than other local labour markets of the same magnitude

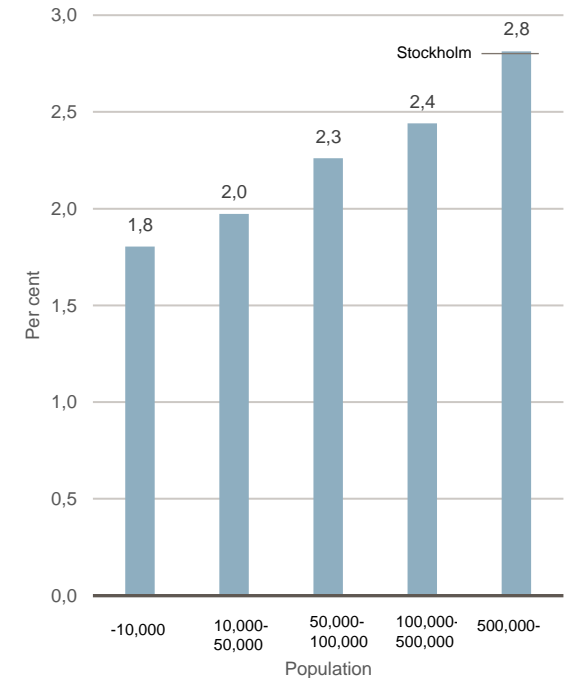
Annual **population growth** as a percentage in Sweden's local labour markets, 2000-2020



Annual growth in **employment** as a percentage in Sweden's local labour markets, 2000-2019



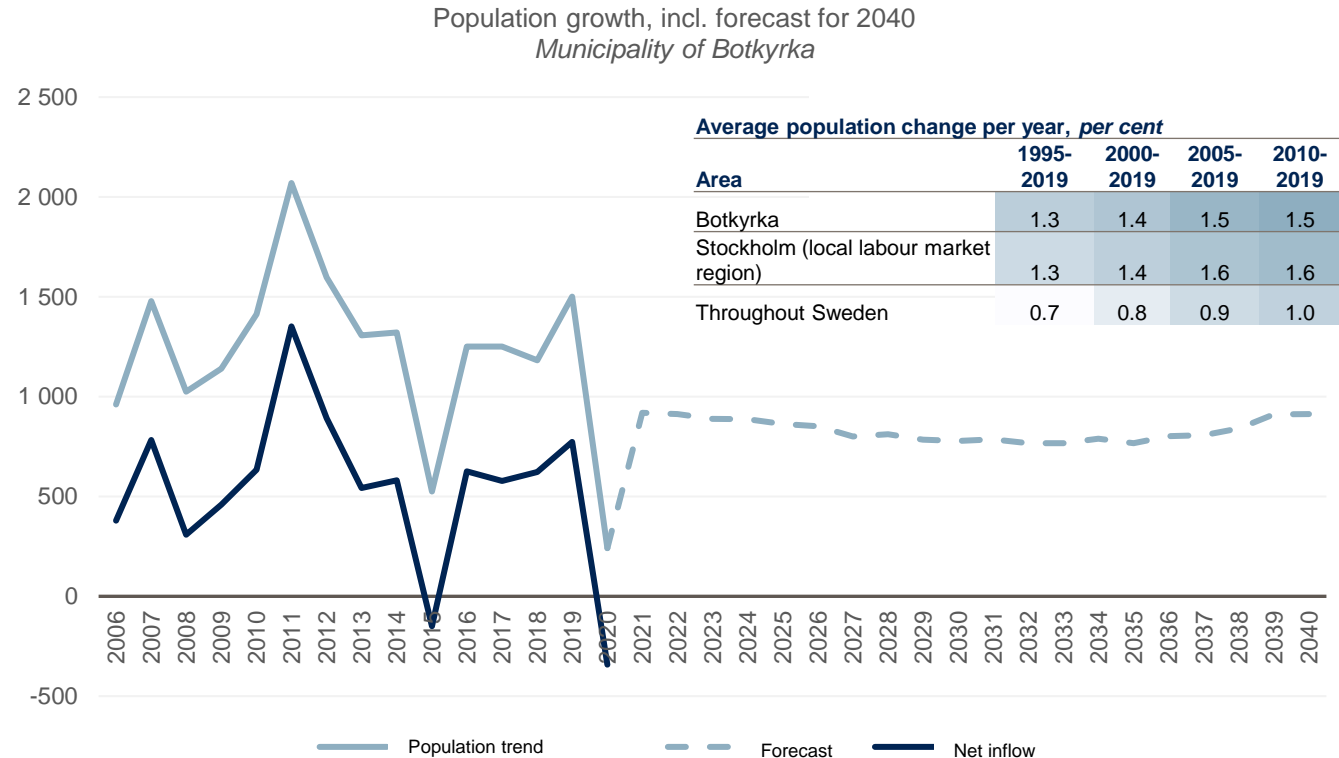
Annual real growth in **pay** as a percentage in Sweden's local labour markets, 2000-2020



Source: Statistics Sweden and Evidens

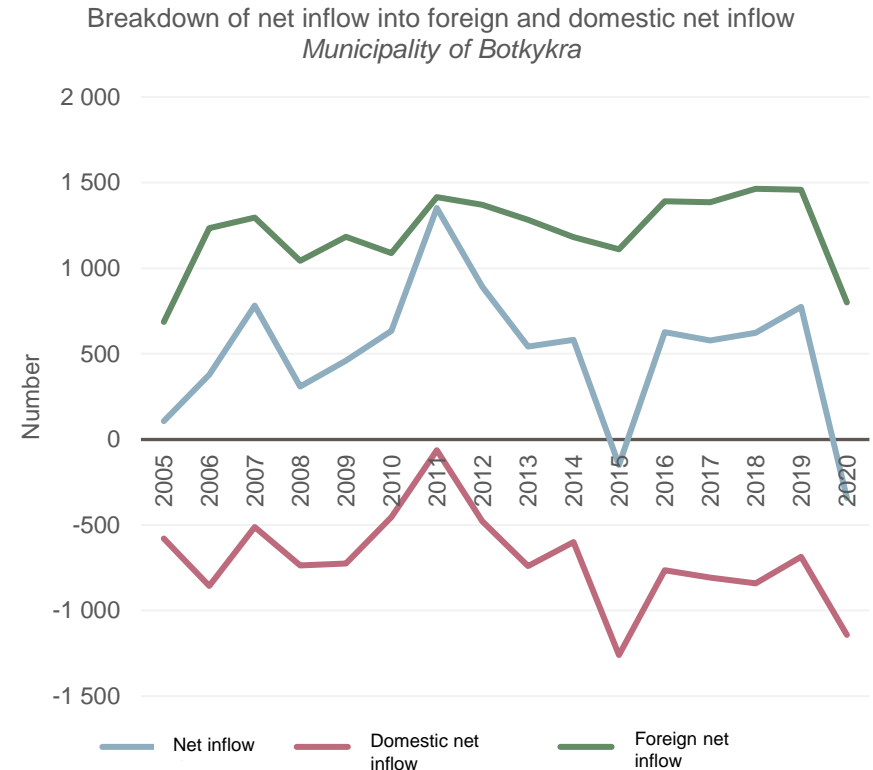
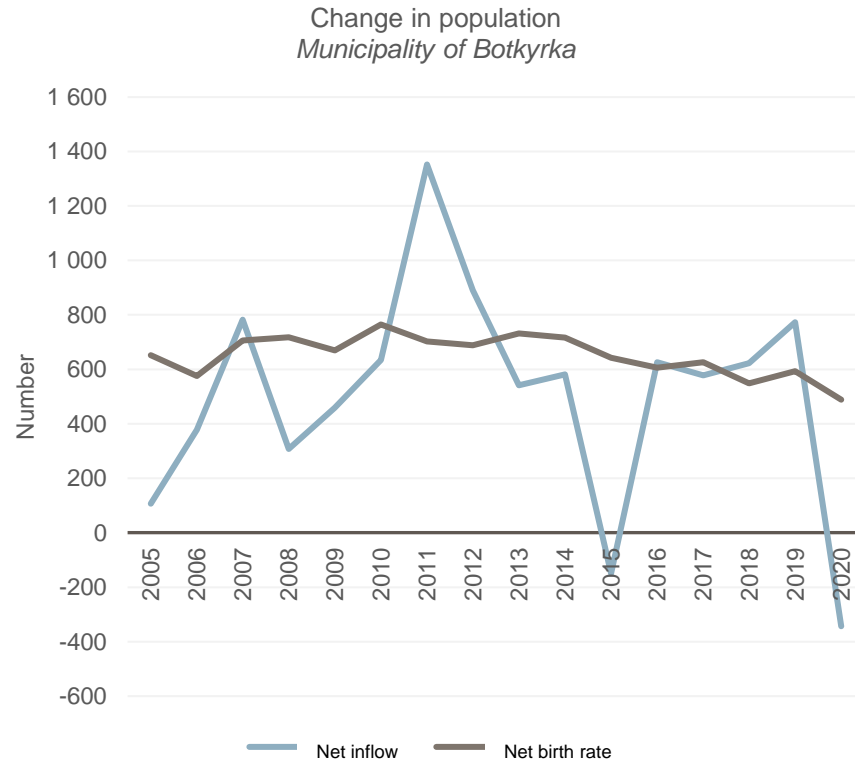
# Approximately 95,000 people live in the Municipality of Botkyrka. The population projection demonstrates growth of just under 1,000 inhabitants per year

- To get a picture of the Municipality of Botkyrka and in particular Albyberget's growth conditions as a whole, the report starts with an overall analysis of current position in the housing market and also preconditions as regards demographic trends and the housing market in recent years.
- Approximately 95,000 people live in the Municipality of Botkyrka. Growth has been around 1.5% per year, which is higher than the nation as whole.
- According to Evidens' population projection, the municipality is expected to grow by just over 1,000 people per year on average up until 2040.
- Development of the underlying components of population growth affects the demand for housing.



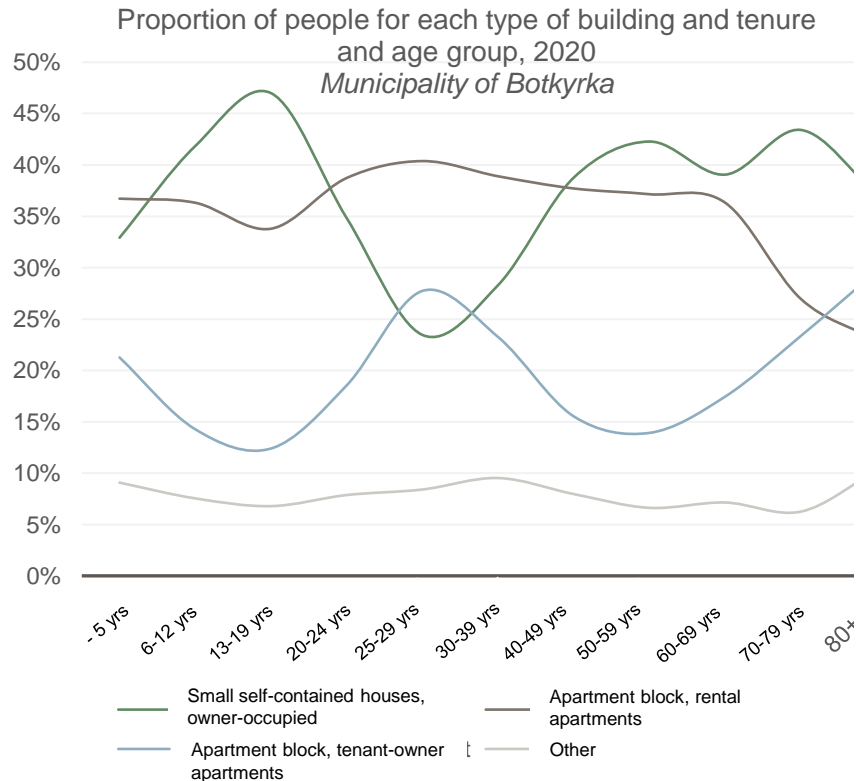
Source: Statistics Sweden and Evidens

Population growth has been driven in equal parts by net birth rates and net inflow of people. The net inflow of people is a result of a large positive foreign net inflow and a negative domestic net inflow

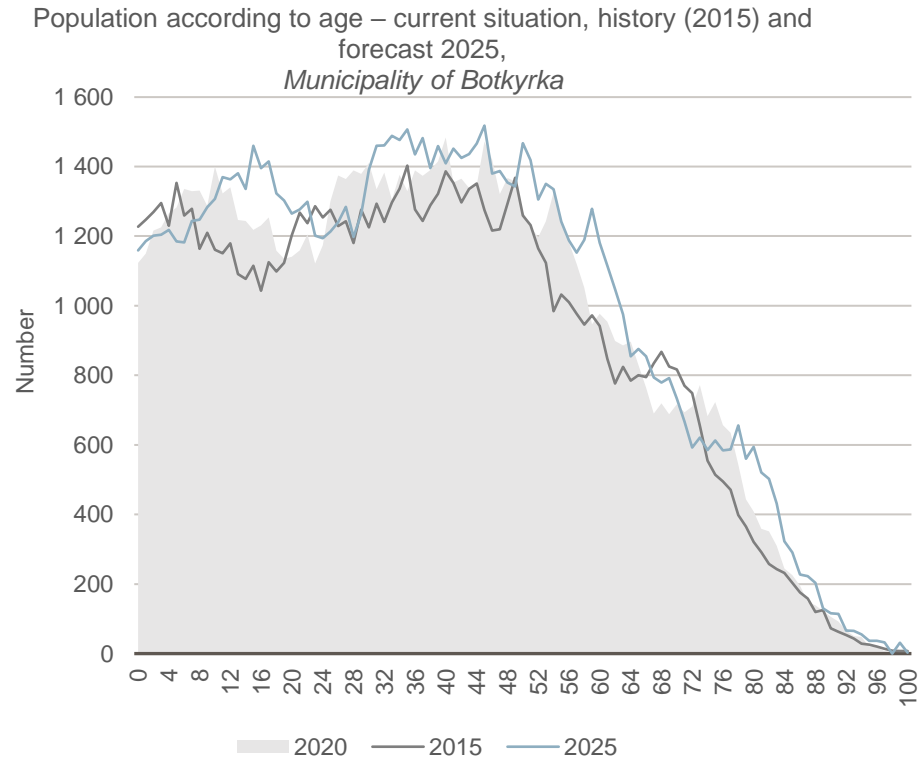


Source: Statistics Sweden and Evidens

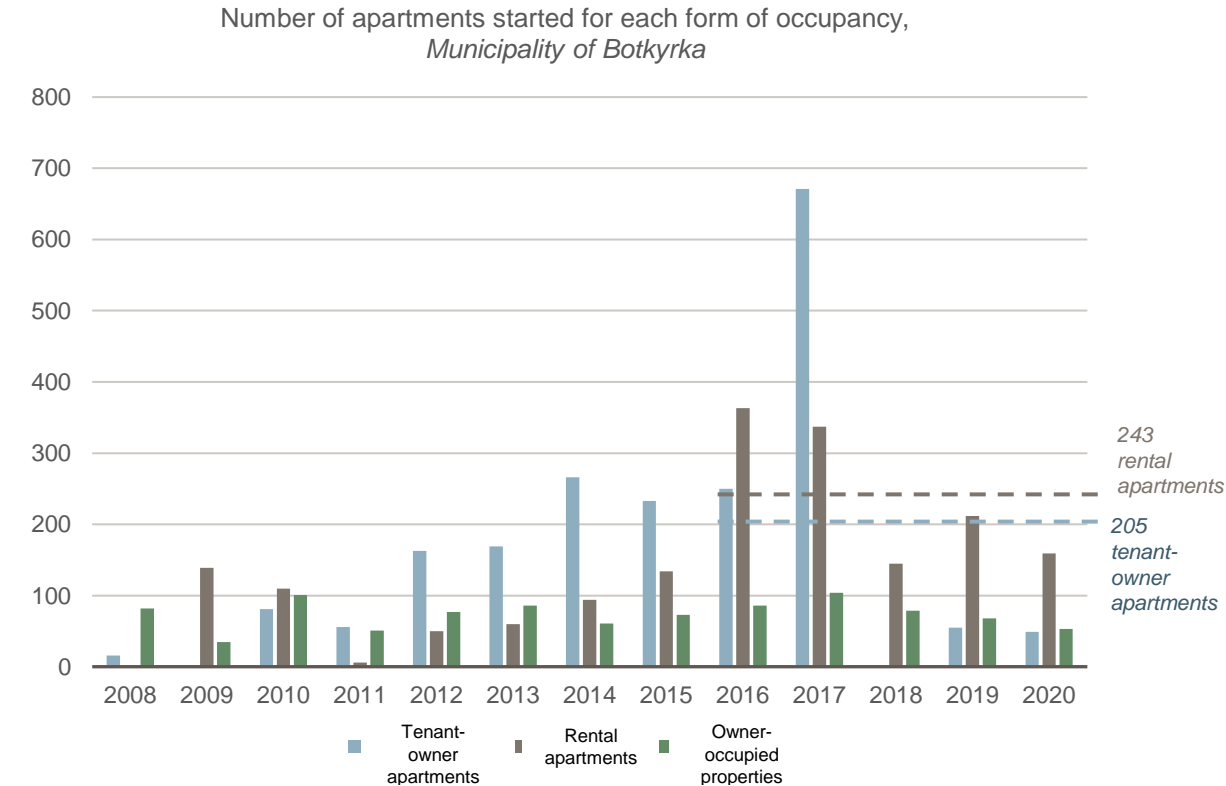
# Rental apartments are important for all age groups in Botkyrka, but primarily among younger households, a group that is growing in the long term



Source: Statistics Sweden and Evidens



# Continued relatively high level of rental apartments started in the municipality



Source: Statistics Sweden and Evidens

Year	Tenant-owner apartments	Rental apartments	Owner-occupied properties
2008	16	0	82
2009	0	139	35
2010	81	110	101
2011	56	6	51
2012	163	50	77
2013	169	60	86
2014	266	94	61
2015	233	134	73
2016	250	363	86
2017	671	337	104
2018	0	145	79
2019	55	212	68
2020	49	159	53
Average	155	139	74

\* The level of rental apartments started (52) is clearly higher than the tenant-owner apartments (18) in 2021 to date



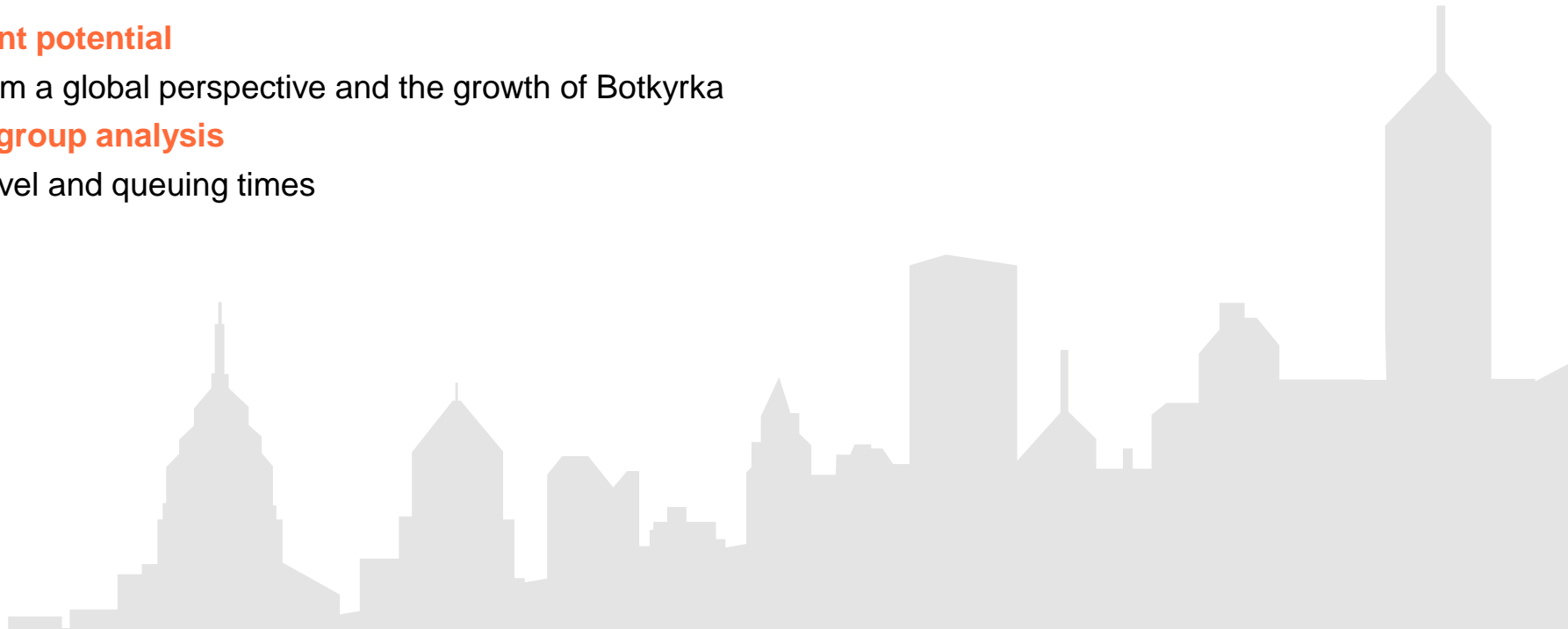
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Effects of urban development in Tingstorget

## Investment potential

- Alby from a global perspective and the growth of Botkyrka
- Target group analysis
- Price level and queuing times



# Target group analysis - people moving into new tenant-owner apartments

The target group for the construction of new apartments in the Tingstorget project has been analysed with the help of mobility flows.

Information has been obtained from Statistics Sweden about the characteristics of households who have chosen to move into new tenant-owner apartments in the environment in question.

The analysis provides answers to the following questions:

What does the catchment area look like?

Former residents (rental apartments, tenant-owner apartments, owner-occupied properties)

Household incomes

Age and composition of households

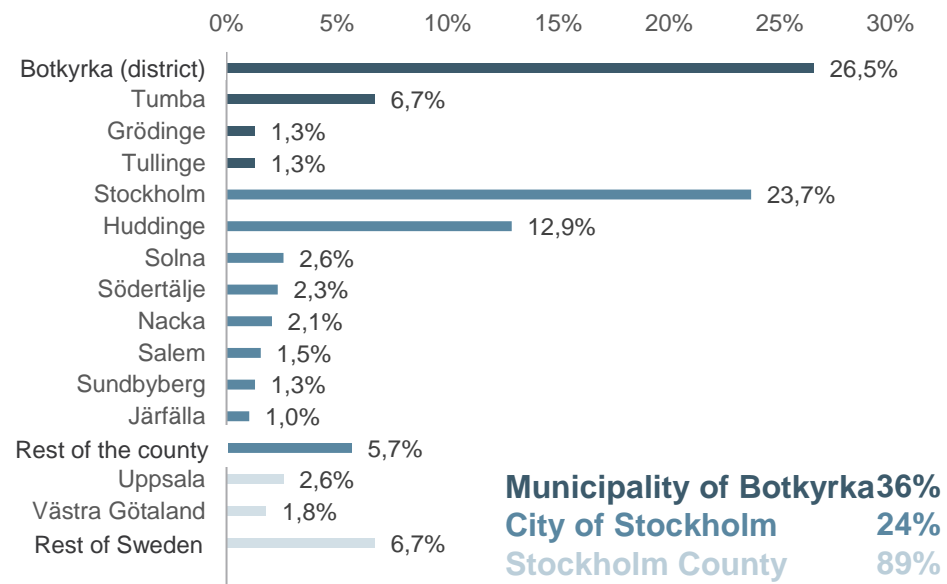
One advantage of this analysis method is that it is based on the households' actual behaviour, which provides a more cost-efficient and safe response to preferences than interviews and questionnaires.

Experiences from a large number of target group analyses implemented using this method show that the target group in most cases is local when studying people moving into tenant-owner apartments, often of the magnitude of 50-75 per cent are recruited in their immediate environment. The catchment area for rental apartments is usually significantly larger than it is for the Stockholm region.



# Large regional catchment area for the new tenant-owner apartments

Residents moving in from each geographical area to the properties in question



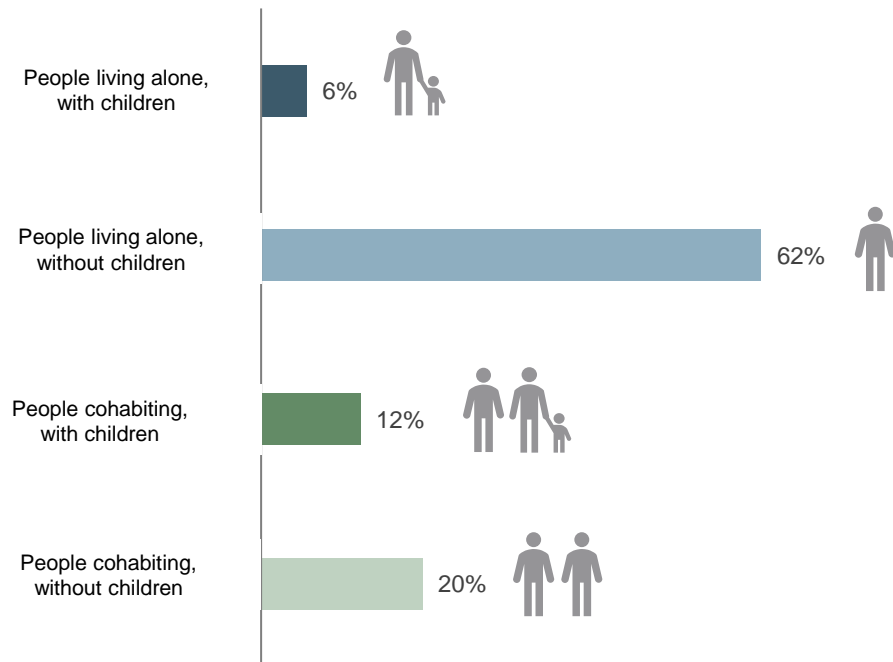
Source: Statistics Sweden and Evidens

\*The properties moved into are located in the district of Botkyrka. These figures are based on those who were 'first in', i.e. purchased a new tenant-owner apartment. Data for 2018.

# Over half of all new households who moved in were people living alone without children

Proportion of households moving in for each household constellation

*Tenant-owner apartments*



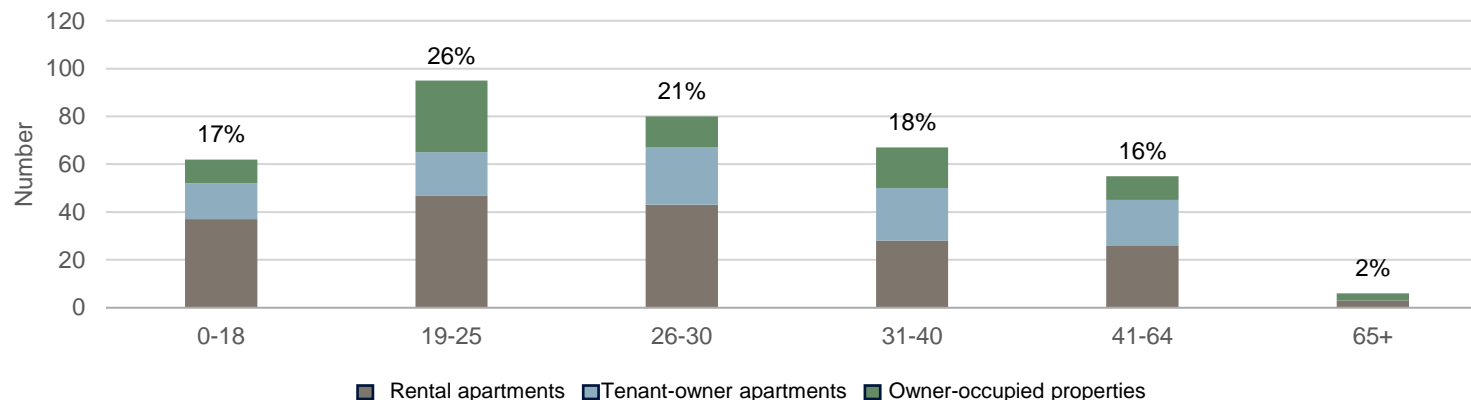
Source: Statistics Sweden and Evidens



Photo: Evidens

# The high proportion of single-person households without children is reflected in a relatively high proportion of individuals moving in between the ages of 19 and 30

People moving into tenant-owner apartments according to age and previous apartment



The age group where many are moving away from home to their first property of their own (19 to 25 years of age) constitutes a relatively high proportion of the residents moving in (NB this age span is only five years). Here, the largest proportion is owner-occupied properties, although rental apartments are also the largest form of tenure for this age group.

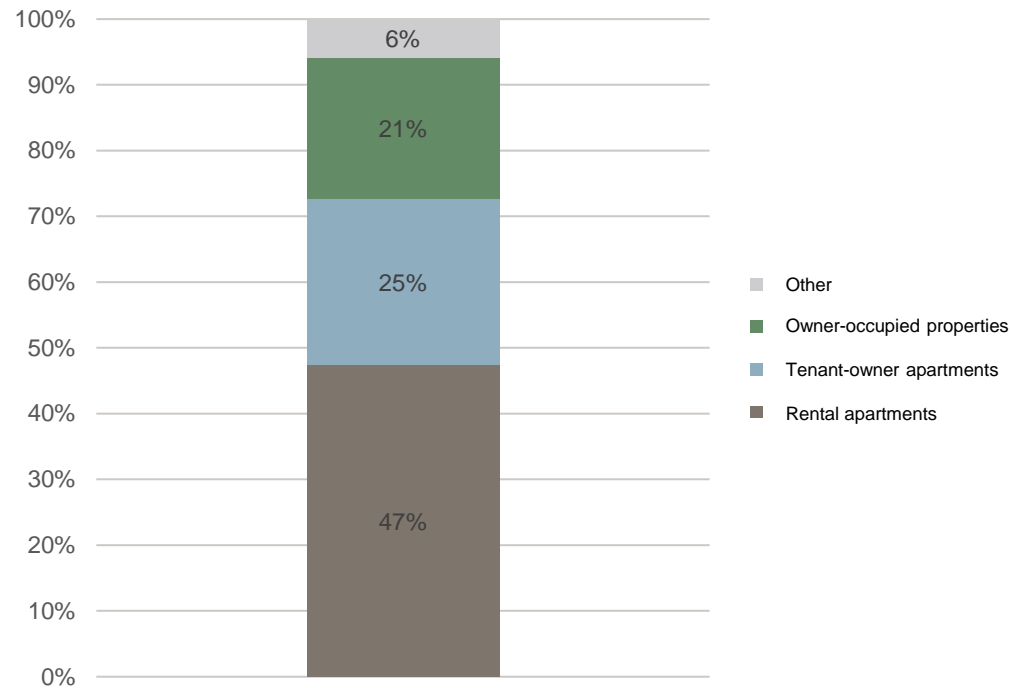
There is also a high representation of young adults between the ages of 26 and 30. Here there are, in line with expectations, more moving from a former tenant-owner apartment and fewer from a former detached home/terraced house (owner-occupied property).

Source: Statistics Sweden and Evidens



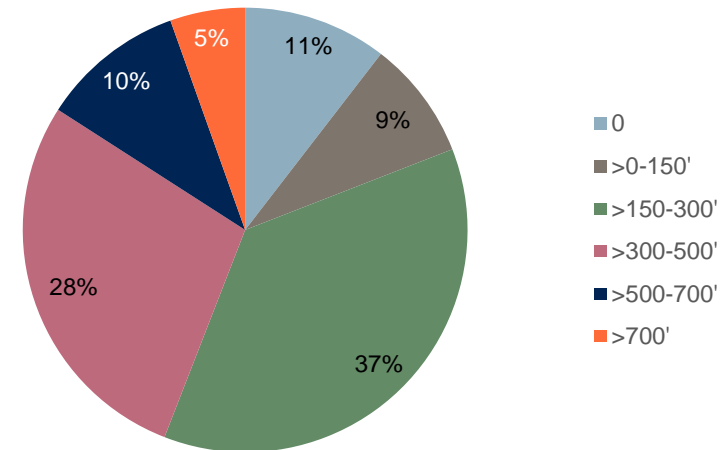
# Half of those moving into the new tenant-owner apartments have moved from a previously rental apartment

Proportion of residents moving in from each type of apartment



Source: Statistics Sweden and Evidens

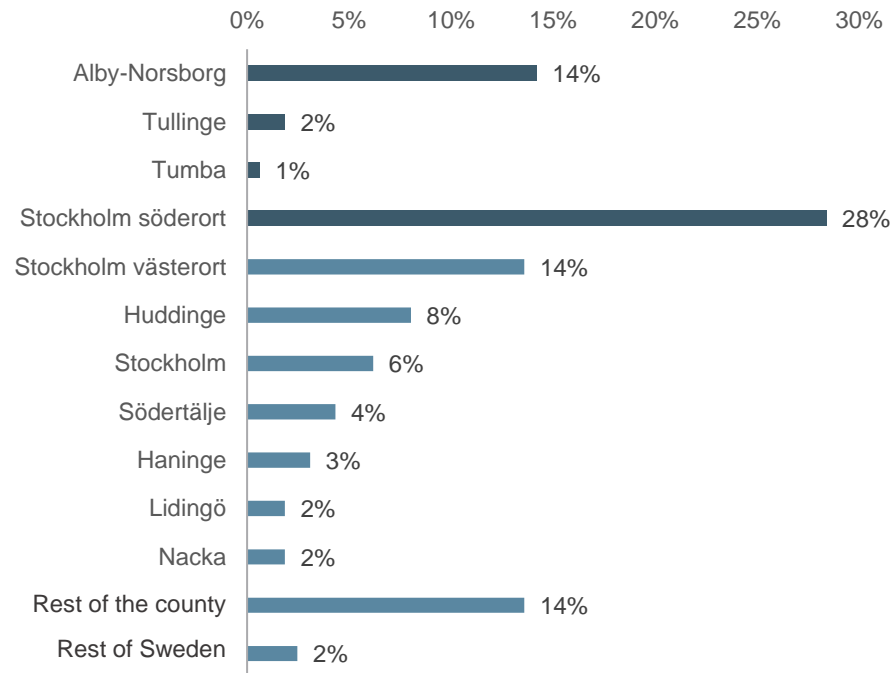
Income distribution among residents moving in – Disposable income (incl. income from capital) for the household.



The average income for those moving in was approximately **SEK 280,000** per year (income from pay + income from running a business + benefits from the Swedish Social Insurance Agency, 20 to 64 year olds excluding income earners with 0 income)

# Rental apartments have a greater regional spread

Residents moving in from each geographical area to the relevant properties

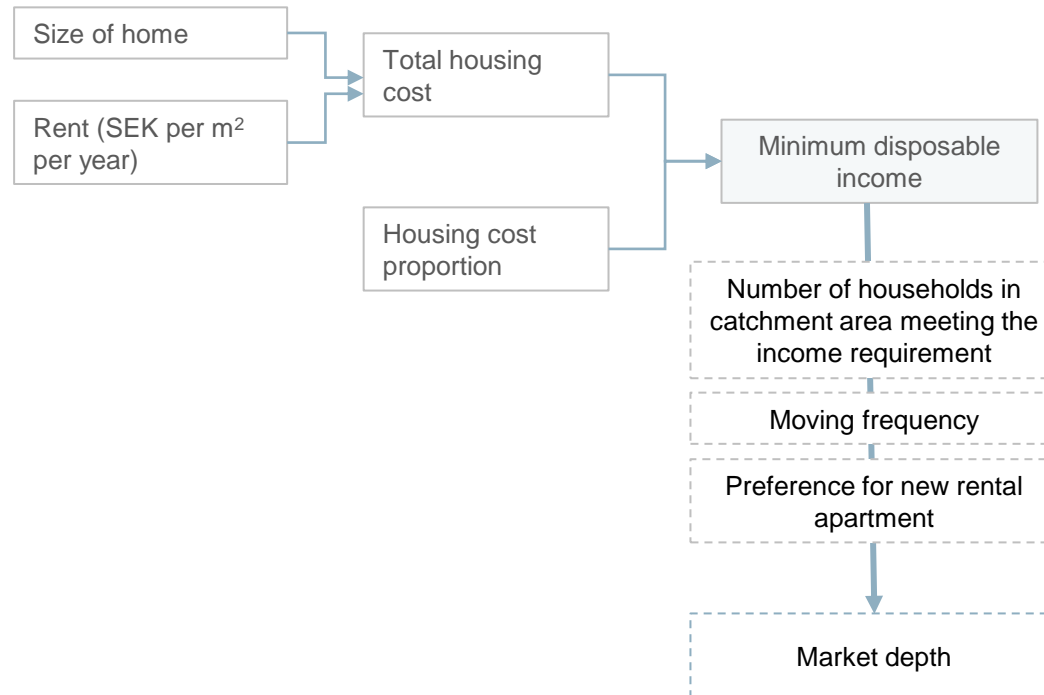


Even if the spread was significantly more regional than normal for new tenant-owner apartments, it would then become even more regional for new rental apartments.

Less than one in five of the new residents moving into new rental apartments in the Tingstorget project come from Botkyrka.

High regional demand means greater opportunities to construct new rental apartments than for areas with a more clearly local recruitment area.

# Method for calculating market depth for new rental apartments



The calculation of market depth for rental apartments comprises fewer steps compared with tenant-owner apartments and owner-occupied properties. Size of home and rent generates the direct total housing cost.

The minimum disposable income for being able to demand a new rental apartment at the calculated housing cost is calculated as the housing cost divided by the housing cost proportion. The housing cost proportion varies depending on form of tenure, where households living in rental apartments spend on average a larger proportion of their disposable income on their home than households living in tenant-owner apartments or owner-occupied properties. Further information about this is provided in the section below.

Preference figures for new rental apartments are used in the calculation, obtained from questionnaire studies in comparable markets.

The market depth calculated relates to the number of homes that may be demanded in the market being investigated each year.

# Household type (people living alone/people cohabiting) constitutes the level of how great a portion of disposable income goes to direct housing costs

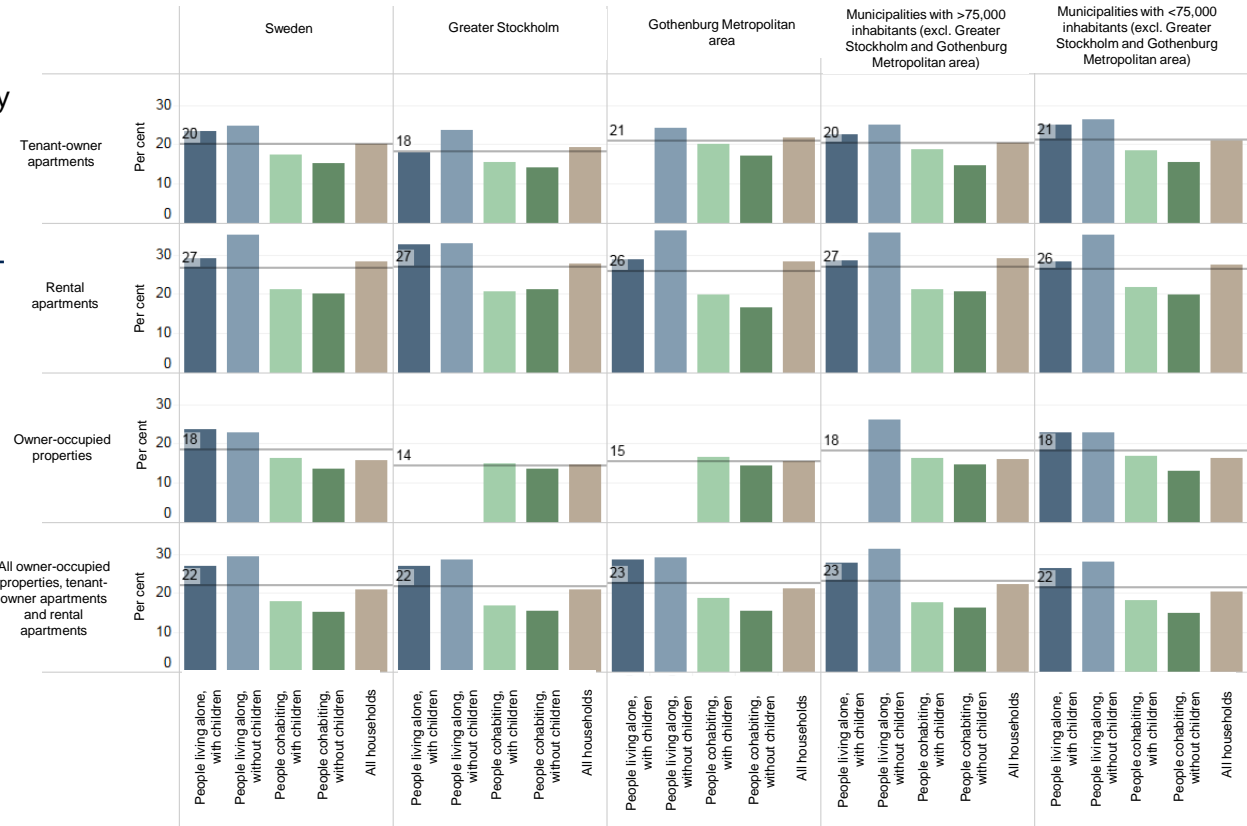
Statistics Sweden's investigation *Hushållens ekonomi (HEK)* [Household finances] shows that the households' housing cost proportion<sup>1</sup> basically differs between people living alone and those cohabiting.

## Housing cost proportion, average value per household type and form of tenure in the Gothenburg Metropolitan area

Form of tenure	People living alone	People cohabiting
Tenant-owner apartments	24.2%	18.7%
Rental apartments	32.5%	18.2%

<sup>1</sup>'Housing cost proportion' (Sw. *boendeutgiftsandel*; *boendeutgiftsprocent* is also used as a term) means housing cost as a proportion of disposable income, and 'housing cost' means rent for rental apartments, cost of capital and association charges for tenant-owner apartments and cost of capital for owner-occupied properties.

Housing cost proportion per household type, region and form of tenure



# Almost a quarter of the residents in the immediate environment meet the income requirement for a new rental apartment in the Tingstorget project

## Variable

Rent (SEK/m<sup>2</sup>)

2,800

1,860

M<sup>2</sup>

35

87

Housing cost proportion

32.0%

21.0%

## Summary & result

Housing cost (SEK/year)

98,000

161,820

Disposable income requirement

306,250

770,570

Number of households that meet the income requirement

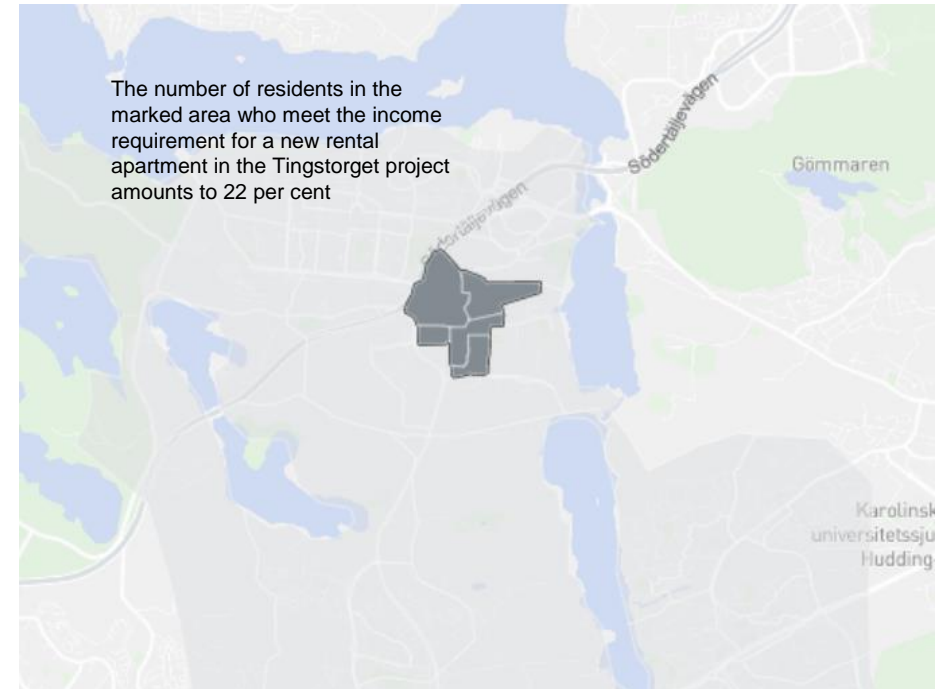
525

158

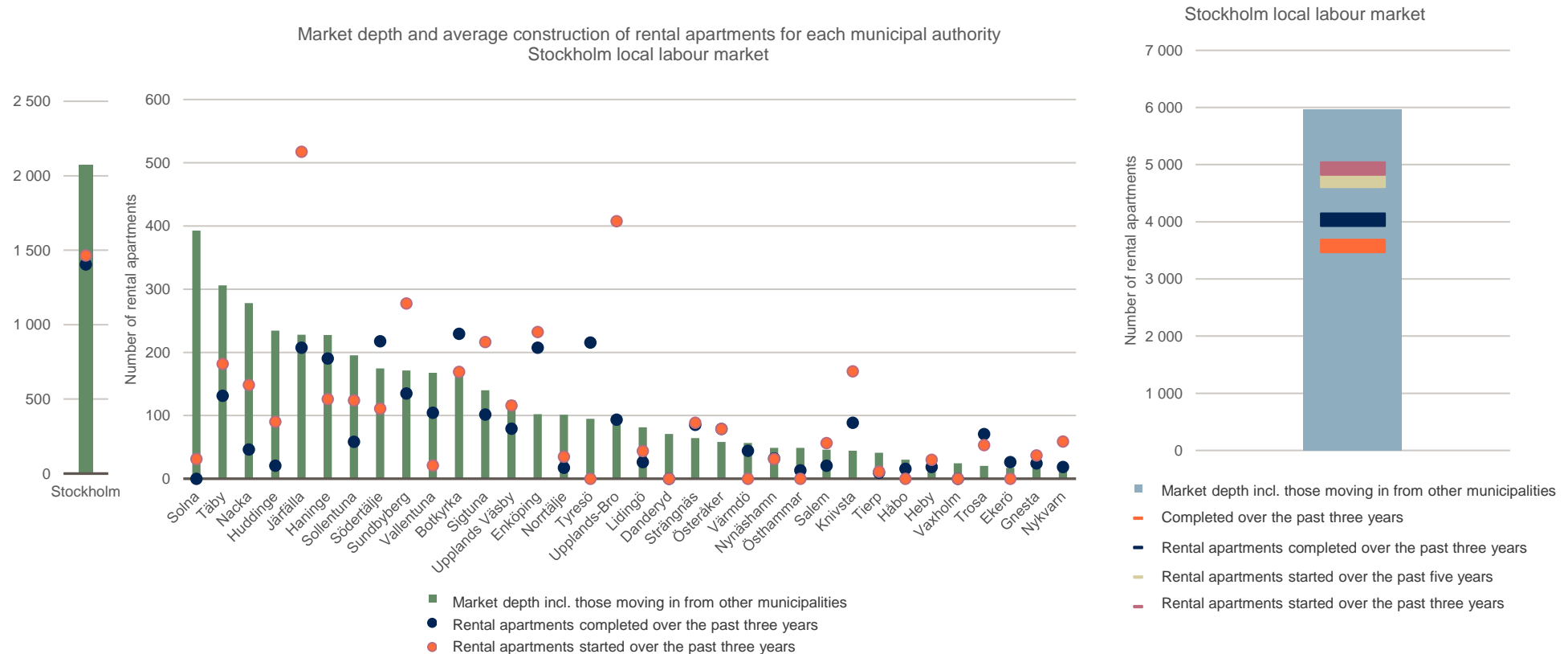
Total number of households living in the immediate environment

1,660

1,395



# In a regional market it is possible to exceed the market depth for rental apartments as long as not all of the other municipalities do this as well





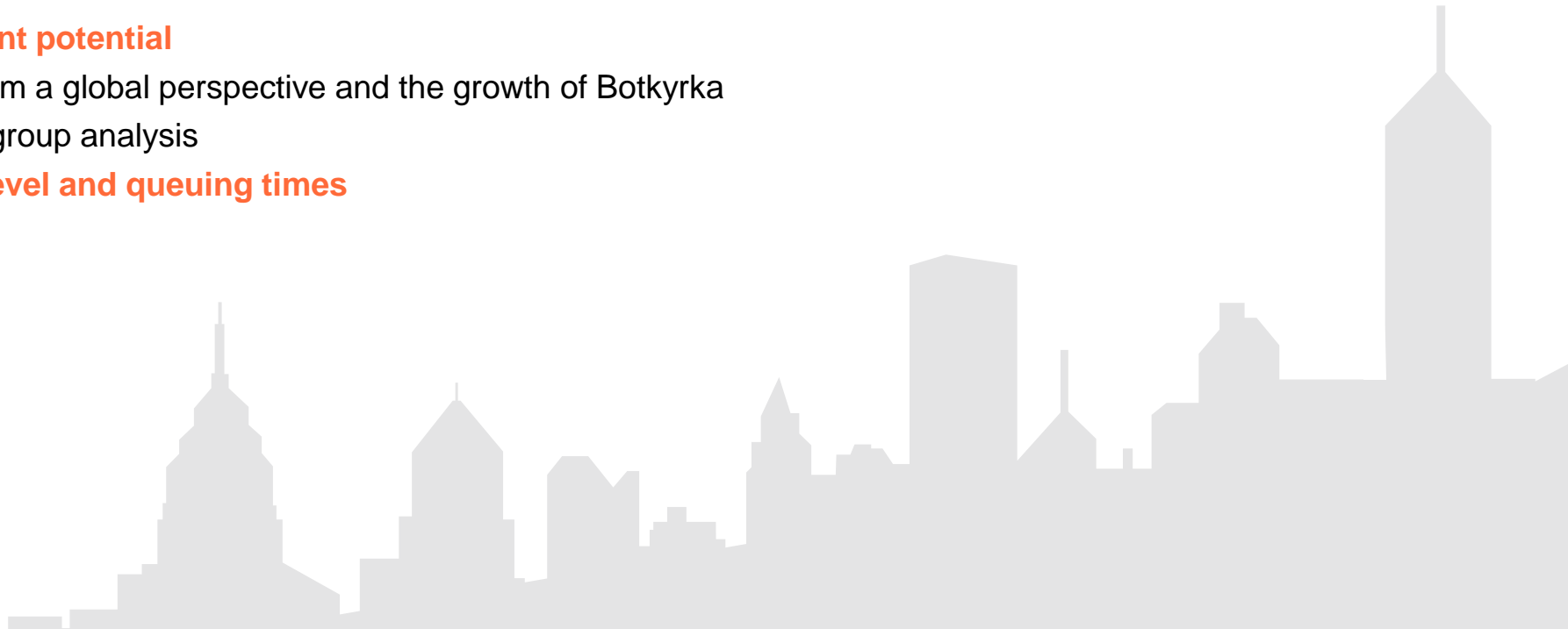
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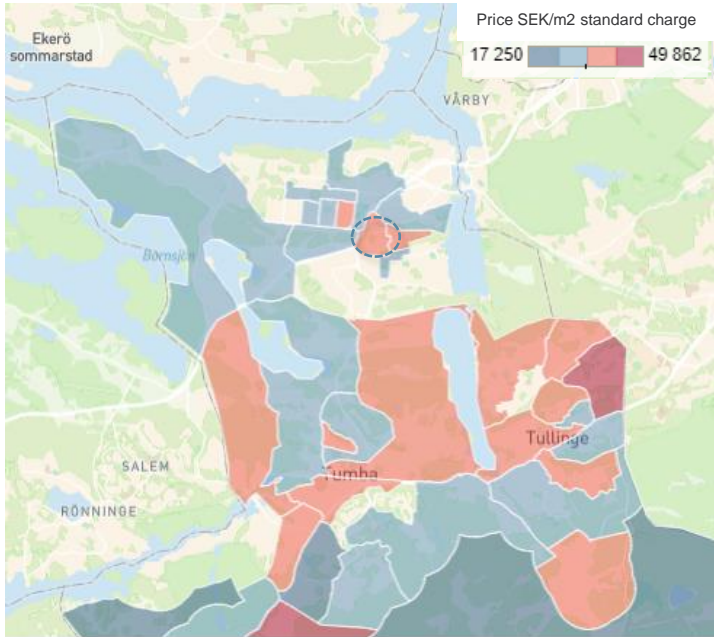
Effects of urban development in Tingstorget

## Investment potential

- Alby from a global perspective and the growth of Botkyrka
- Target group analysis
- Price level and queuing times

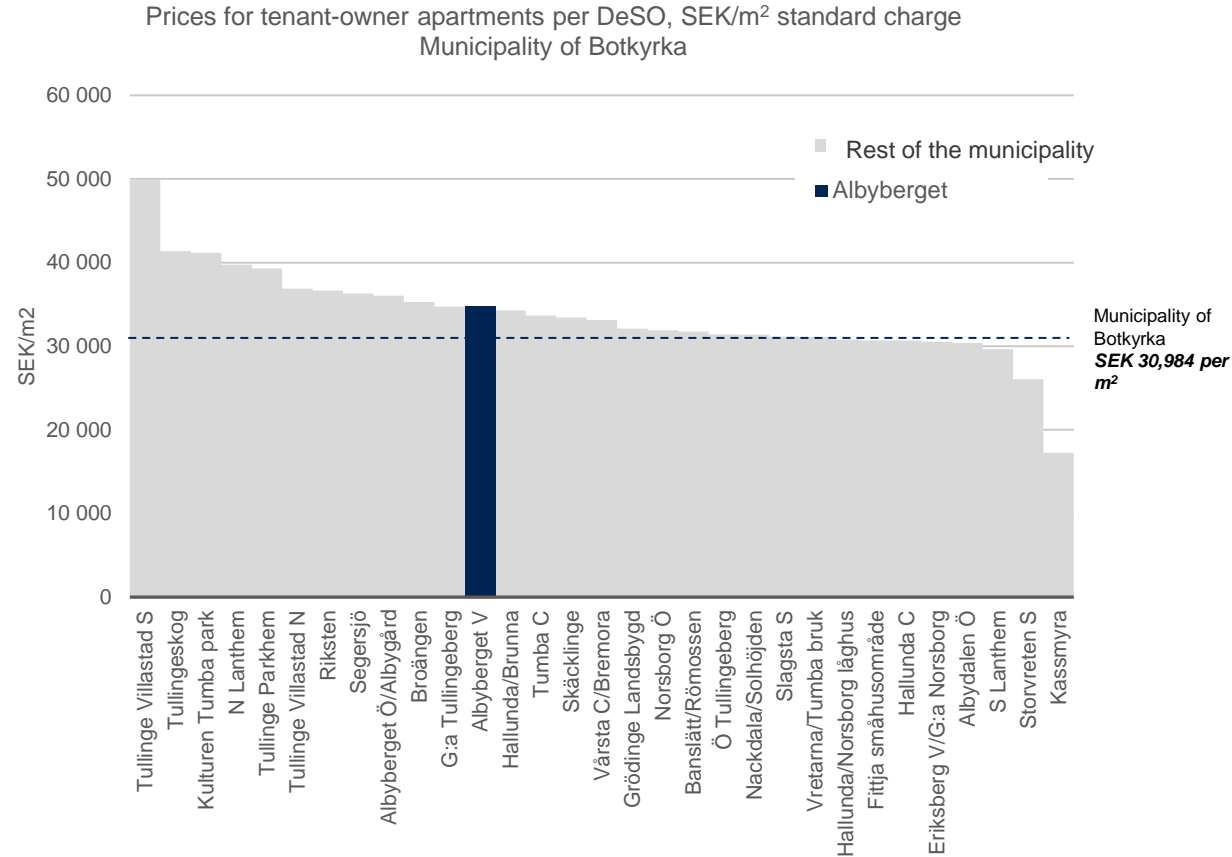


# Square metre prices for tenant-owner apartments in Albyberget are currently above the average for the municipality



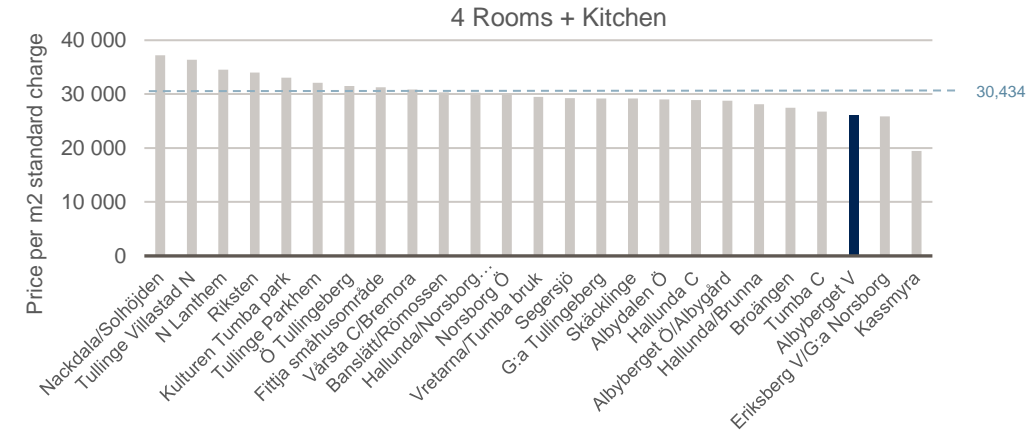
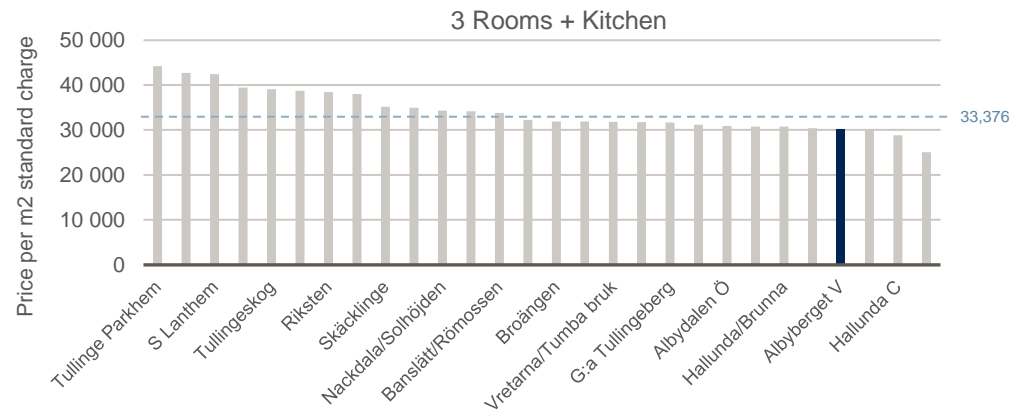
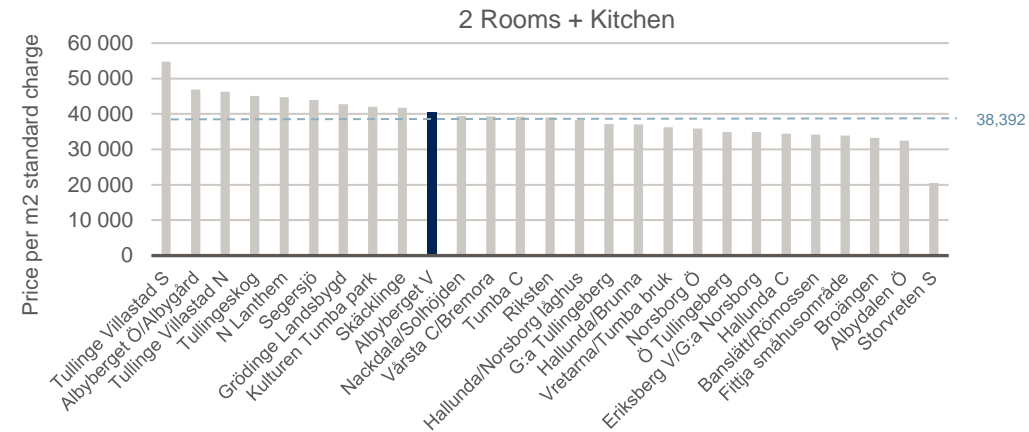
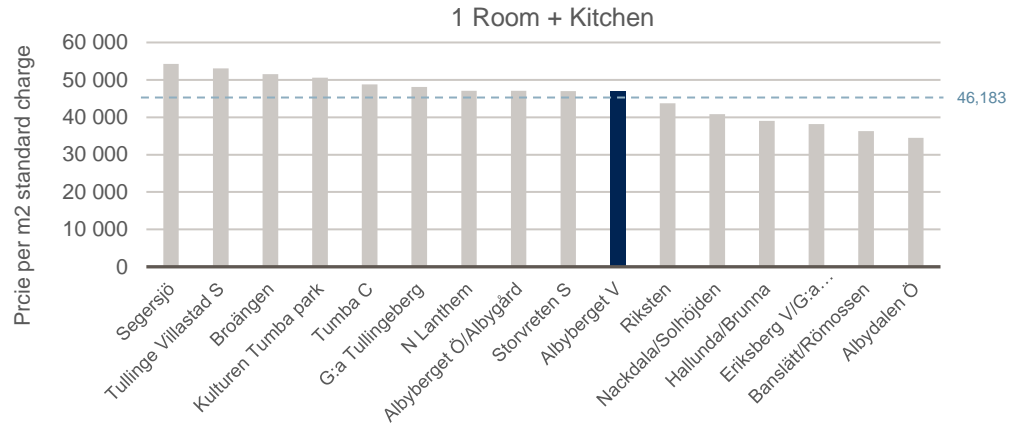
The square metre price is currently higher in Västra Albyberget than many other demographic statistical areas (DeSO) in the municipality.

*However, the composition of the housing stock with a large proportion of small apartments (generally more expensive) is pushing up the average.*

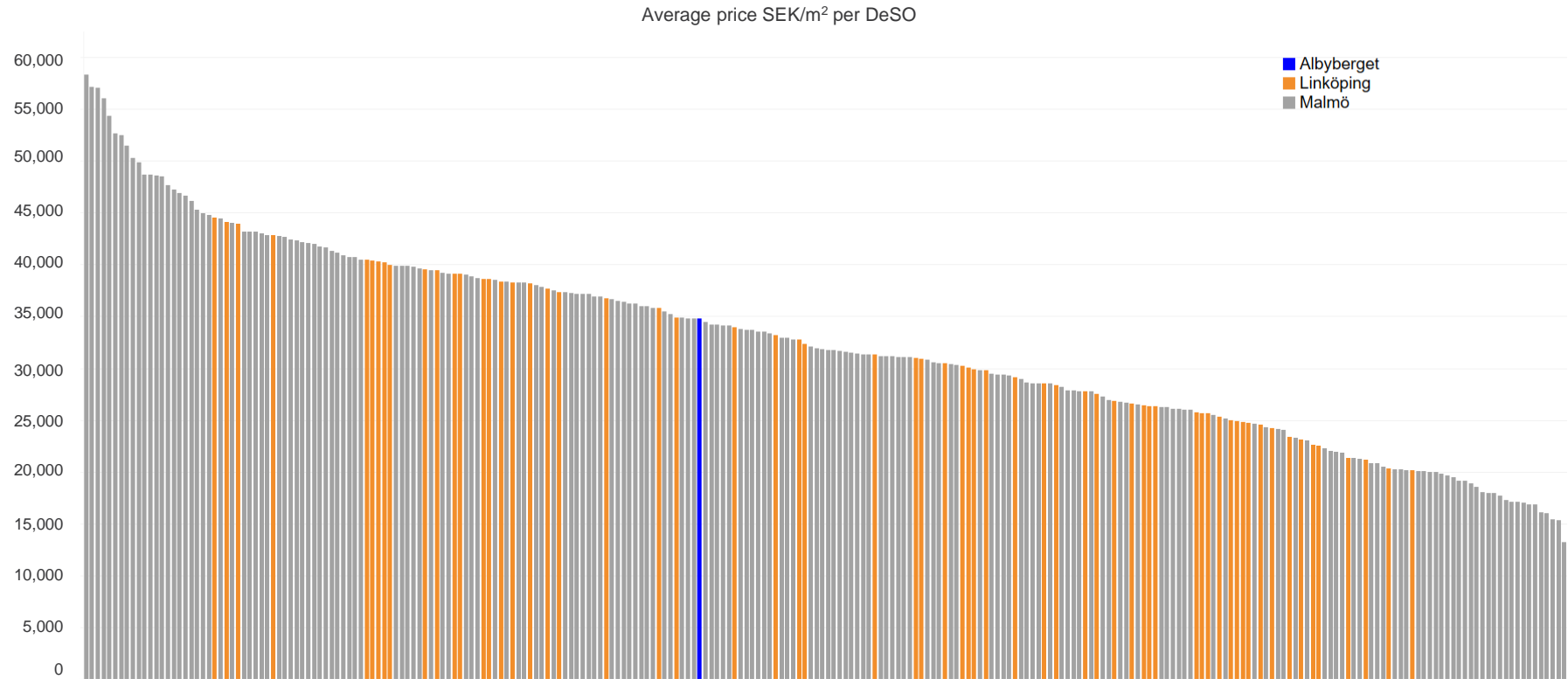


The addition of smaller sized new apartments means that Albyberget is now in a significantly higher position for apartments with one room plus kitchen and two rooms plus kitchen compared with apartments of a larger size

Willingness to pay per m<sup>2</sup>, tenant-owner apartments (the dashed line shows the average for the Municipality of Botkyrka)



# The price level in Albyberget is above the average for Malmö and Linköping

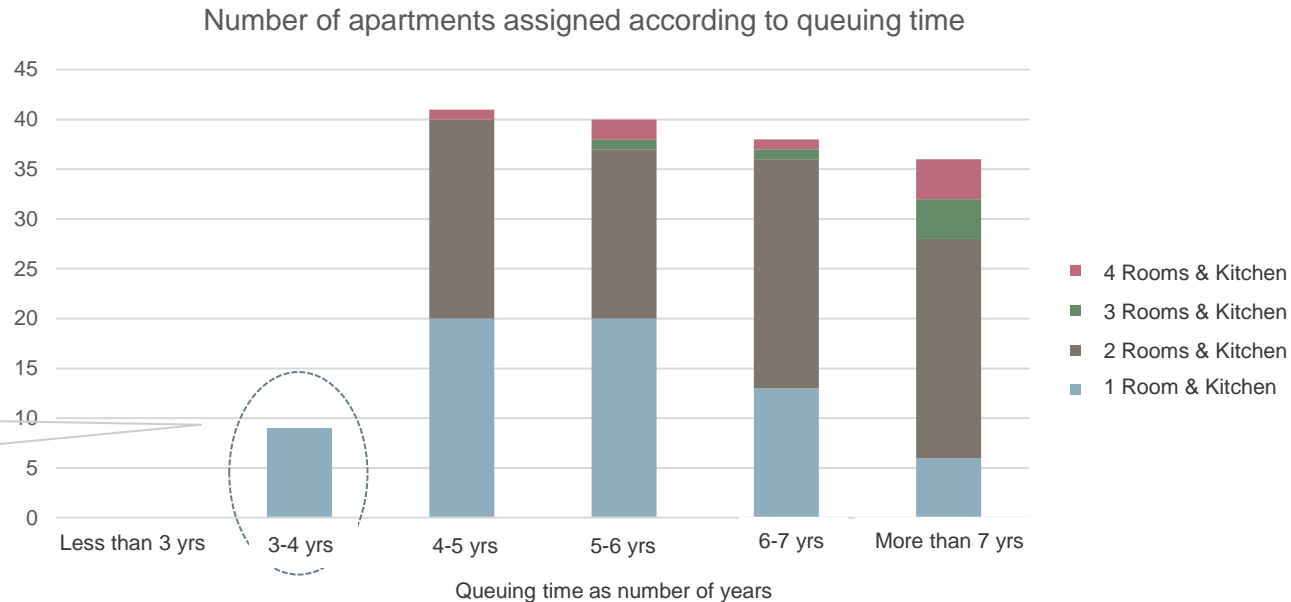


# Low vacancy risks with current rent setting

No. of rooms + kitchen	Rent (SEK per m <sup>2</sup> /year)	Queuing time (average per year)
1	2,890	5.3
2	2,760	6.2
3	1,910	6.5
4	1,760	7.6

Only five per cent of new apartments assigned under the Tingstorget project had a queuing time of less than four years.

Average queuing time on the waiting list for Titania's stock between 2020 and 2021 amounted to 5.0 years.

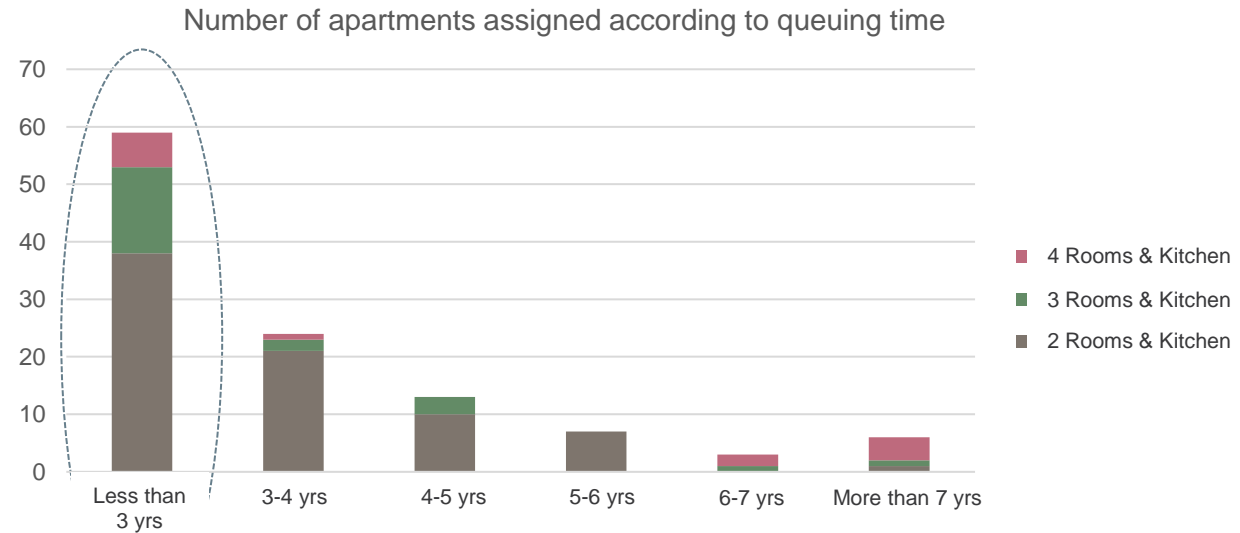


# Example from one of Malmö's best locations shows lower rents and shorter queuing times compared with Tingstorget

No. of rooms + kitchen	Rent (SEK per m <sup>2</sup> /year)	Queuing time (average per year)
2	2,200	3.1
3	1,870	2.5
4	1,850	2.1



*Sjöporten in Västra Hamnen, MKB Fastighets AB  
Illustration: Sjögrens Arkitekter AB.*



A full 53 per cent of new apartments assigned in 2018 and 2019 for a project in Västra Hamnen had queuing times of less than three years.

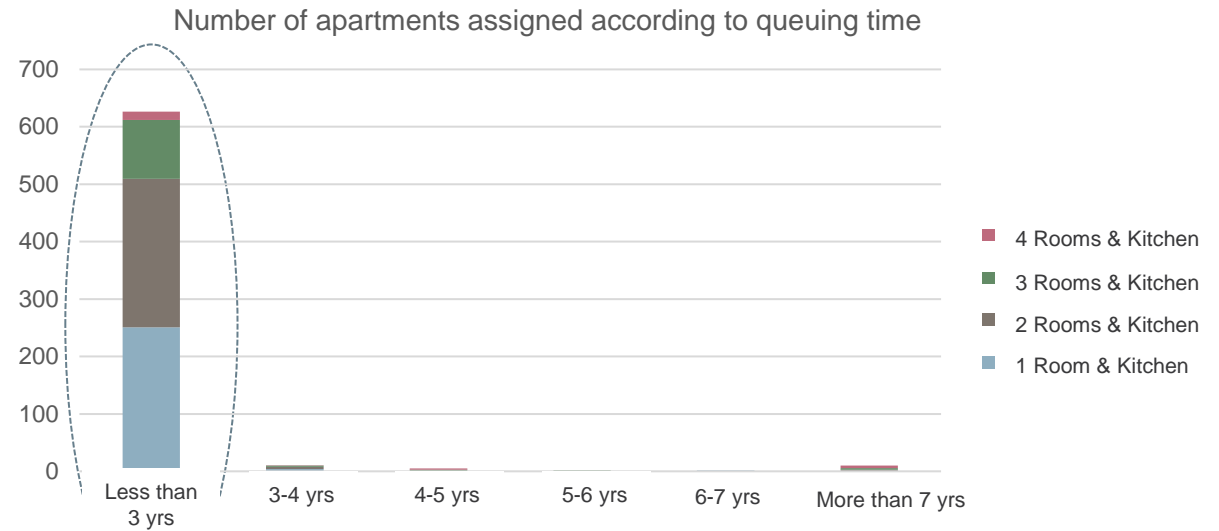


# The pattern is even clearer when compared with Mariastaden in Helsingborg

No. of rooms + kitchen	Rent (SEK per m <sup>2</sup> /year)	Queuing time (average per year)
1	2,170	0.7
2	1,980	0.6
3	1,800	0.8
4	1,720	1.5

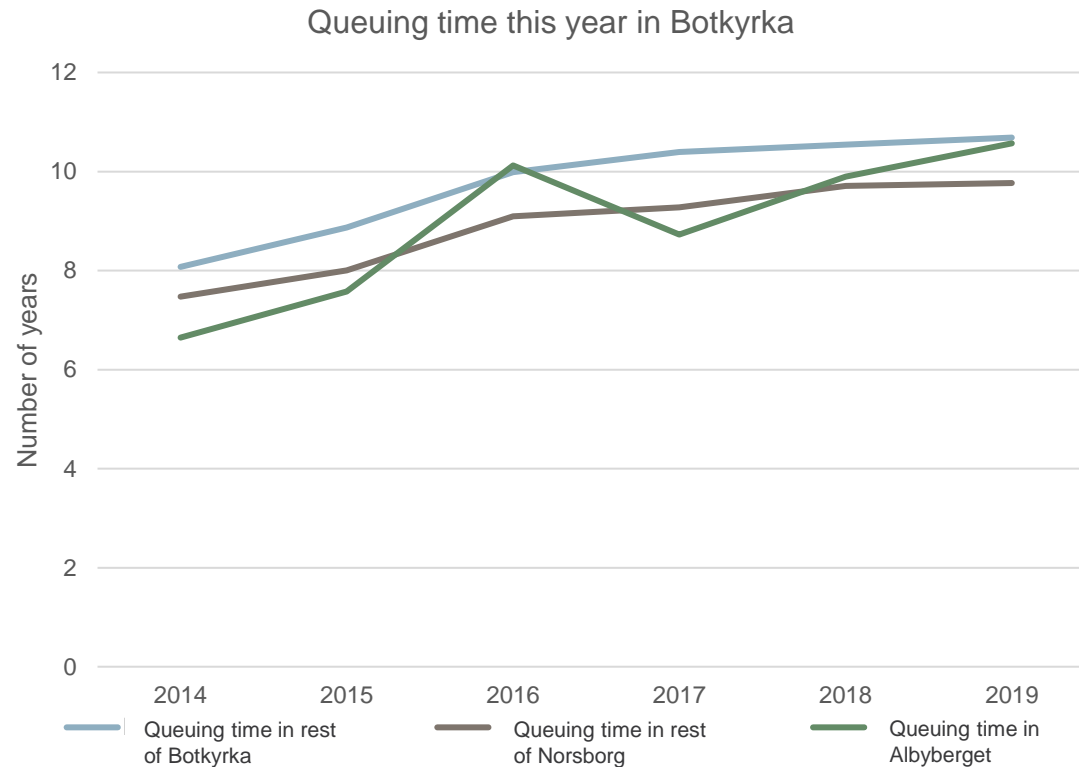


Property yield, Mariastaden (low/medium/high): 2.25/3.75/4.25 Source: Croisette, June 2021



A full 95 per cent of new apartments assigned in 2018 and 2019 for a project in Mariastaden had queuing times of less than three years, almost 75 per cent less than one year.

# Increased attractiveness results in longer queuing times for the established stock

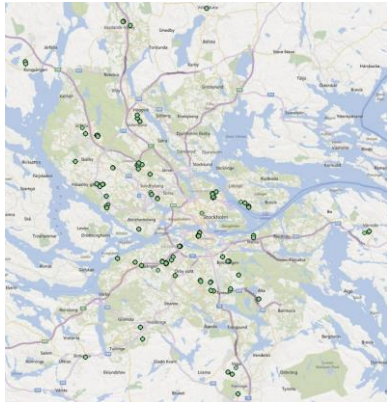


Indications that queuing times are increasing at a slightly more rapid pace for the established stock in Albyberget than in both the rest of Norsborg and Botkyrka.

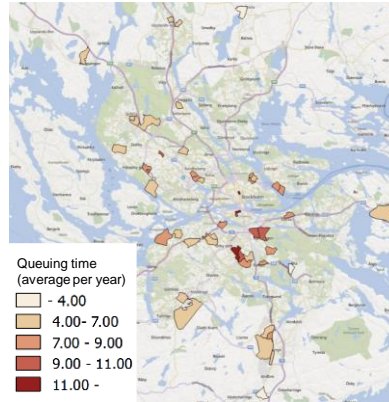
There is a fluctuation in the series because few apartments have been assigned, but the trend is upward.

# Analysis of just over 3,000 new rental apartments provides a model that can explain how large a supply a local market can absorb without queuing times becoming negative

New rental apartments are assigned by the housing agency



The apartments assigned are aggregated at a base area level



There is still normally a queue for currently negotiated and presumed rent levels for newly produced rental apartments, i.e. there are more households than the household who got the contract who would choose to move into a new apartment at the rent levels applied.

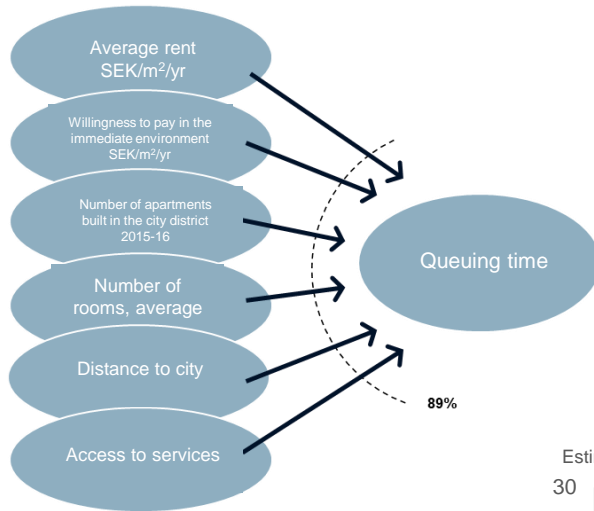
This means that there are opportunities to build more rental homes or alternatively increase the rent level if queuing times are permitted to run towards zero.

In order to understand the extent to which supply in a local environment can be increased without queuing times becoming negative, a cross-section model has been estimated (regression analysis) based on approximately 3,000 new rental homes in 38 different new housing projects.

This model can help to isolate the effect of a change in each component parameter and thereby evaluate each parameter's unique effect on queuing times, all other things being equal.

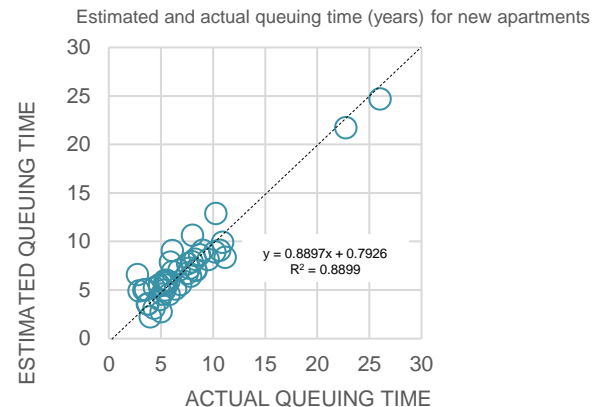
The model has six different variables and can explain almost 90 per cent of the differences in queuing times. This is a reasonably high level of precision.

# Model for rental apartments in new apartment blocks explains almost 90 per cent of the variation in queuing times



## Effects of changes in independent variables

Variables that affect queuing times	Assumed change	Change in queuing time, year
The project's average rent	+ SEK 100 per m <sup>2</sup> /year	-0.5
Willingness to pay in the immediate environment	+ SEK 100 per m <sup>2</sup> /year	+0.3
New rental apartments in the city district	+ 100 homes	-1.2
Number of rooms, average	+ 1 room	-0.9
Distance to city	+ 1,000 metres	-0.1
Access to services	+ 100 units	+0.7



# A rent of SEK 3,100 per m<sup>2</sup> for new apartments is expected to cause a vacancy risk

*Simulation option for new rental apartments in Tingstorget*

## Assumptions:

- 200 new apartments
- Breakdown of apartments: 1-4 rooms + kitchen
- Average size, 39 m<sup>2</sup> corresponding to 1.7 rooms + kitchen

## Objective:

- Average queuing time of 0 years, which entails a vacancy risk

## Result:

Average rent per m<sup>2</sup>/year amounts to 3,100 in the simulation



# Evidens offers a qualified analysis and strategic advice for stakeholders within the urban planning sector

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