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Investments in rental apartments

The case of Malmö

Johan Raustorp

ABSTRACT

The municipality of Malmoe has a housing deficit equal to 14 000 homes. The deficit is most significant for affordable rental apartments in the old stock. Long queues and excess demand makes it difficult for individuals who are not established on the housing market to find a home of their own. To overcome the situation a government inquiry concluded that the rental sector must see more private investments, because if it would be more profitable to invest in rental buildings the market would solve the housing shortage. The inquiry bases their conclusion on a common understanding of investments as something implicitly good and beneficial for all, but it is questionable if that is always the case. Therefore, the purpose with this thesis is to problematize investments made in Malmoe's rental sector. A theory developed by Andrew Sayer is used to separate and structure different investment objectives. The theory distinguishes between (1) object-oriented investments and (2) investor-oriented investments. Investment (1) focus primarily on the object while investment (2) focus on the potential economic gain that could come from trading with the object. From Sayer's theoretical distinction, two research questions are formulated to examine the case of Malmoe.

How can different objectives be associated with either investment (1) or (2)?

How do these different investment objectives, (1) and (2), effect Malmoe's rental market?

To answer the questions officials from six of the major rental housing companies in Malmoe have been interviewed. The officials represent companies with a total share of 52 percent of the rental market in Malmoe.

Investor-oriented investments are of prior concern for five of the six companies. The exception is a company owned by its members, which is primarily object-oriented in its investments.

The companies invest in building, additional construction, acquisition of already existing houses, and development. Building and additional construction are productive ways to earn an income since it adds use-value (dwellings) to the market. Contrary to this, the profits made from acquisition and development does not derive from production of dwellings but from the trade and development of already existing assets. An example of this is how an attractive development strategy, for acquired rental property, is to renovate it in rent-maximizing manner because there is a demand and it generates profits. However, the transformation of affordable flats into expensive top-level apartments does not improve conditions for those who need an affordable house in Malmoe.

KEYWORDS

Rental apartments; Investments; Malmoe; Investor-oriented investments;
Object-oriented investments; Housing shortage

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INTRODUCTION

Over 50 percent of the Swedish municipalities estimate that they have a housing shortage. The situation is most severe in the metropolitan areas with a considerable deficit of small and affordable apartments. In the metropolitan area around Malmö, nine out of twelve municipalities perceive a situation of housing shortage. Some of the municipalities, for example, Malmö even expect the deficit to grow (Boverket, 2014a). With a similar situation in other metropolitan areas the Swedish National Board of Housing, Building and Planning conclude that the entire Swedish housing market is imbalanced (Boverket, 2014b p.3). Moreover, they conclude that it will be impossible to build up with the housing deficit in the near future and that the only way to improve the situation is to use the existing housing stock more efficient. According to their calculations, the amount of available housing units per capita was the same in 2013 as it was in 1990. Thus, part of the deficit comes from that the available dwellings are not as efficiently used today as in the 90s. Although, it is a challenge is to make better use of the existing housing stock, cities such as Stockholm, Gothenburg and Malmö need more houses. Between 1990 until 2012 Malmö grew with 74 000 inhabitants, from about 234 000 in 1990 to about 308 000 in 2012 (SCB, 2014a). During the same period, only 13 265 apartments and 4503 single-family houses were built (SCB, 2014b). Thus, to keep the same dwelling density as 1990 (density of 2, 03 compared to 2, 20 in 2012) Malmö need an additional 14 000 homes (Boverket, 2014a p.5).

The deficit is calculated by the number of missing homes, with no regard to the demand or need there are for different types of dwellings. In Malmö, almost half the population is under 30 years old (SCB, 2014a). At the demand-side for young adults, the situation is almost equally acute for tenancy and tenant owned flats. In Malmö and Lund, 14 200 young adults are looking for a home of their own. To meet their demand 3700 tenancies, 3800 tenant-owner flats, and 1800 single-family houses are necessary. However, need and demand can be two different things. To meet the need for those who are looking to take the first step into the housing market, the 3700 tenancies are of extra significance (Hyresgästföreningen, 2013a). Rental apartments are also important for those who cannot afford to buy a tenant owned-flat, since it does not involve any cash contribution. Thus, tenancies are accessible to all who can afford to pay the rent and theory it is also a flexible, because it is possible to abandon within a three-month notice. However, theory and reality are two different things. In reality, the current deficit makes rental housing neither accessible nor flexible (Hyresbostadsutredningen, 2012, pp.23-24). By the end of 2013, the central housing allocation office in Malmö had over had over 35 000 people in its queue, out of which 9636 were actively looking for an apartment. The minimum queuing time for a newly produced apartment with an annual rent between 1500 to 1800 Swedish kronor per square meter, is

about two years. While the queuing time for a similar apartment in the old stock with a rent between 900 to 1100 Swedish kronor per square meter is almost twice as long (Boplats Syd, 2014). Apart from the foreclosing effects this queuing time has on young adults, the consequences from not meeting the need for tenancies appear in daily media.

The figures indicating the homelessness in Malmoe could be drastically reduced - by more than 70 percent - if there were only enough dwellings. According to the mapping, 701 out of the 997 homeless persons in Malmoe do only have one requirement: a home of their own. They are in no need for any addiction treatment.

(Persson, 2012)

The housing shortage in the major Swedish cities costs billions in terms of reduced growth and increased alienation.

That prediction is made by Swedbank, which is estimating the annual cost in the Malmoe region to be five billion and in Stockholm to be 21 billion Swedish kronor.

(Magnusson, 2014)

To overcome the general housing deficit, the Government appointed no less than 66 studies between 2010 and 2013 (Socialdepartementet, 2013). Of those, the report by the Rental property inquiry is one of the most comprehensive. The inquiry was asked to analyse the market for rental housing and to present proposals on how to improve it. In 2012, the report *Rental housing - from a dwindling right to an option for many* (Hyresbostadsutredningen, 2012) was handed over to the minister of housing, Stefan Atterfall. The report concludes that the central problem is that it is not profitable enough to invest in tenancies. Current market conditions make the profitability calculations uncertain and inhibit the willingness to invest in rental housing even in areas with high demand as other investment are more attractive (Hyresbostadsutredningen, 2012 p.13).

However, it can be a considerable difference between investing in rental properties and meeting the need of more tenancies. An example of this is how a profitable investment strategy (Wallén, 2014; Fröjdendahl, 2014) is to acquire already existing rental buildings, renovate the rooms in a rent-maximizing manner and then sell the building or convert the apartments tenant-owner flats after a few years. In this way, the most-profitable investment is not necessary what is in the best interest for those in need of a dwelling but what gives the most return on invested capital.

PURPOSE AND RESEARCH QUESTION

The purpose with this thesis is to analyse and problematize investments made by the rental housing companies in Malmoe's rental market. Outspoken or not, there is always an objective behind every investment - a reason to invest. Obvious as it may appear - those reasons are of considerable importance not only to the development of the rental sector but also for the solution of the housing shortage.

A distinction developed by Andrew Sayer (2013, p.171) is used to navigate among the different investment objectives. The distinction separates between if investments focus on the object or if it focuses on the investor. Object-oriented investments (1) focus on the usage of the object targeted by the investment. Investor-oriented investments (2) focus on the potential profit generated from trading with the object.

Using Sayer's distinctions, the intention is to analyse the rental sector in Malmoe with the following research questions:

- *How can different objectives be associated with either investment (1) or (2)?*
- *How do these different investment objectives, (1) or (2), effect Malmoe's rental market?*

The following sub-questions objectify the research questions to make them more understandable and accessible in the interview situation and for the analysis.

- How is the situation on the rental market in Malmoe perceived by those deciding on the investments?
- How is the responsibility towards the rental sector in Malmoe perceived by those deciding on the investments?
- How does the company invest in rental housing?

DELIMITATIONS

The housing shortage is a complex problem involving a broad range of different actors, such as for example tenants, property owners, developers, architects, housing associations and rent tribunals. It is also an interdisciplinary problem stretching over subjects such as law, human geography, sociology and economy. The width of the problem makes it difficult to approach without making several delimitations. Therefore, this thesis is limited to only focus at investments in the Case of Malmoe.

METHOD

This thesis is Critical in the approach toward investments in the rental sector in Malmoe. A Critical approach is according to Niel Brenner (2012 p.13) a way to explore the contradictory nature of matter taken for granted and contribute with new understandings.

About Case Studies

Case studies are used as a method because it corresponds well to the nature of the problem and what is to be examined through the research question. In *Fallstudien som metod*, Sharan Merriam (1994 p.46) write that case studies represent a mean to develop and deepen the knowledge in a certain area, to gather in-depth knowledge about a particular situation and how the people involved perceive it. Hence, it is a method to suitable in situations where the aim is generate rich qualitative knowledge in relation to a specific case. The insights can contribute to a new hypothesis and to structure further research.

Like all methods, case studies have both advantages and disadvantages. In deciding on which method use, those were taken into consideration. A principal objection towards the use of case studies, which must be mentioned here, is its inconsistent ability to contribute to a more holistic understanding of an issue (Merriam, 1994 p.46). The narrow focus, on one or a few cases, makes it too precise for any larger generalizations. Thus, the results from case studies must be regarded as pictures, fragments or examples from the reality – not the reality per se.

Sources

The primary sources of data for this thesis are the interviews. In addition to those, news articles, news ads, scientific articles and books dealing with the subject are also used to further deepen the knowledge. All sources are treated as equally valuable, as they are considered to represent one of many possible pictures of the reality. The interviews were conducted in Swedish. Therefore all the interview citations have been translated from Swedish to English by the author.

Case selection

The case is limited to the municipality of Malmoe. More explicitly, to the part of the rental-sector belonging to the companies, which representatives are interviewed. Furthermore, it is also limited to focus on the perspectives from company representatives with a direct or indirect involvement in making investment decisions, such as Chief Executive Officers, Property managers or Regional managers.

The companies are selected on behalf of the access to financial information and their market share. The financial information is necessary in order to know if the company is profitable or not - if it generates a surplus or if it shows a minus result and if so why. The annual publication *Är det en bra affär att äga hyreshus? - Privatvärdars ekonomi i södra Skåne 2012* (Hyresgästföreningen, 2013) published by the Swedish Union of Tenants have been used to access this information. The publication is a review of the accountancy for some of the major private rental housing companies in Skane, declaring their profits and losses. Although, published by the Union of Tenants, the rental sector is confirmed to be profitable by Swedish Property Federation (Höckert, 2013). The report studies a selection of 15 rental housing companies in the southern part of Skane (see Table 1).

Table 1: Annual profit per square meter

Company/Year	2011	2012
Contentus AB	21340	19206
Stena Fastigheter Syd AB	18967	17923
Fastighets AB Trianon	13505	13802
LENY Fastighets & Byggnads AB	12981	10272
HSB Sundsfastigheter AB	12649	9265
Bogripen AB	8253	7534
Heimstaden Fastigheter i Sverige AB	3859	6598
Akelius Fastigheter AB	7089	4994
Ahlström Fastigheter i Skåne AB	7722	3901
Lifra Fastigheter i Malmö AB	3537	2937
Nevsten Fastigheter AB	13115	2132
Flygt Fastigheter AB	3973	1841
Jakri AB	2976	1023
Willhem Malmö AB*	-4583	-5649
Bostads Gröningen AB*	-39891	-38954
Average profit:	7361	6842

Not: 1 * Willhem Malmö AB and Bostads Gröningen AB indicates a minus result because of renovation investments

(Hyresgästföreningen, 2013 p.5)

Of those, seven are present in Malmö (see Table 2). To those MKB Fastigheter AB was added, because their dominant position on the market.

Table 2: The largest rental housing companies in Malmö

Company	Number of apartments	Market share
MKB Fastigheter AB*	22 700	33 %
Stena Fastigheter Syd AB*	5 458	8 %
Heimstaden Fastigheter i Sverige AB*	2 850	4 %
Akelius Fastigheter AB	2 156	3 %
Willhem Malmö AB*	2 054	3 %
Hugo Åberg	2 000	3 %
HSB Sundafastigheter AB*	1 930	3 %
Lifra Fastigheter i Malmö AB*	1 500	2 %
Ikano Bostad AB	640	1 %
Atrium Ljungberg AB	218	<1%
Övriga	27 706	40 %
Sum	69 212	100 %

Not: 2 * The companies that constitute the case is marked with a star.

(MKB Fastighets AB 2014b p.9)

Except Akelius Fastigheter AB (declined to participate), representatives from all other companies were interviewed. Thus, *the Case or Malmö* is made-up by MKB Fastigheter AB (MKB), Stena Fastigheter Syd AB (Stena), Heimstaden Fastigheter i Sverige AB (Heimstaden), Willhem Malmö AB (Willhem), HSB Sundafastigheter AB (HSB) and Lifra Fastigheter i Malmö AB (Lifra). In total, the case represents 37 000 apartments in Malmö, which equals to a combined market share of 52 percent of the local rental market.

Interview selection and method

The initial contact with the companies was taken through the Chief Executive Officer, or Regional Chief Executive Officer. They were informed about the thesis and asked if they would like to participate in the interviews. Most accepted to participate although some recommend a colleague instead. The preferred option was to meet but on two occasions (MKB and Stena) the interviews were conducted via telephone instead. The phone conversations and the fact that not everyone held the same position meant that the interviews could not be conducted in exactly the same way. Thus, the same questions were sometimes approached slightly different depending on the position of the respondent and the interview situation (face to face or phone).

The interviews method was semi-structured and focused around the following themes:

- the business and product
- the investments in rental housing made by the companies
- the rental housing situation in Malmö
- the perception of responsibility towards a better rental housing sector

A complimentary (face to face) group-interview was carried out with three representatives from the Swedish Union of Tenants in Malmö to learn more about the rent-setting system and to find out about their perspective on the rental housing market in Malmö.

The respondents were interviewed from their position as company's representatives. Therefore, they are not anonymised.

Criticism of the sources

When interviews are used as a method the researcher becomes the instrument by which the information is gathered. In those situations it is important to be aware of that the quality and amount of information that can be collected depend on the interviewer's sensibility and ability to create confidence among the respondents (Merriam, 1994 p.47). The written sources are selected to explain, criticise, emphasise or theorise on certain aspects of the interviews. Thus, both the interviews and the written sources must be regarded as a reflection of the reality - the interviews and literature represent a picture of the reality interpreted by the author in the context of the thesis (Merriam, 1994 p.53).

Case studies are sometimes known to explain or analyse individual factors too excessively. This is a risk also here - certain factors that seem to be of primary significance to the case might in another perspective be less important (Merriam, 1994 p.47).

Structure

The thesis begins with an introduction to the Swedish housing situation in general and to the circumstances in Malmö in particular. The introduction illustrates the problem, which leads to the research questions.

In the method section, the case and interview selection are further described. This section is followed by a theory part in which, the idea of investments as either object-oriented or investor-oriented is developed. Furthermore, it places the nature of investments in both sociological and geographical context.

The analysis begins with a section that describes the development of the Swedish rental sector. Thereafter the results from the interviews are presented and analysed.

In the discussion, the main findings from the analysis are examined in the relation to the two research questions. The results are presented in the conclusion together with a suggestion for further research.

INVESTMENTS

The nature of investments is once again actualised because of the book, *Capital in the Twenty-First Century* by Thomas Piketty (2014). Piketty (2014 p.571) conclude that returns form capital (r), in many cases are higher than national growth rates (g), $r > g$. In other words, it is more profitable (generate a higher rate of return) to invest in already existing assets than to develop new products. Products which yield depend to the national growth rates. Therefore, the number of entrepreneurial investments aiming to contribute with new products to the market might decrease as investors seek for more profitable investments. The economic structures creating this issue currently widely discussed. However, the economic incentive structure guiding the perception profitability is as much an issue for National economists as it is for Sociologists or Human Geographers.

A sociological understanding of investments

Incentive structures and profit are both relative concepts where the understanding is affected by the perceptions of norms, rights, responsibilities and entitlements. It is the perception of norms and rights that decide if a profit is perceived as good enough or if an investment structure is understood as favourable or not. Eventually they are both relative to particular social relations that decides, maintains and reproduces an idea of what is right and wrong, good or bad (Sayer, 2013 p.164). What is an eligible reward (income or profit) is also decided and reproduced within those social relations. Thus, the reason to why different economic positions see different rewards depend on how valuation of rights, responsibilities and entitlement are perceived within the dominant social relations. The young, old and the ill, for example, receive their income on behalf of their needs, as they are considered unable to work and or provide for themselves. For the rest of the population the resource allocation relies on an idea that people should get what they deserve. In that way, valuable contributions and hard work are rewarded while poor performances and laziness are not. However, as Sayer (2013 p.167) points out, the reasoning do not necessary *explain* the rewards and economic positions. Instead, what people get is largely dependent on what they already *have* in relation to others. Some do only have their labour to sell while others possess land, means of production, access to cash, rights to credit money and etcetera. In other words, the possibility to be rewarded differs substantially in relation to what a person has from the beginning. Hence, it is complex to explain the level of rewards based on how people deserve them - not at least because of the difficulties to find a way to measure and evaluate relative concepts such as labour time, merits, usefulness, and quality of the work or the effort. A way to *explain* the economic rewards are instead to make a distinction between deserved and warranted incomes - or earned and unearned incomes.

Earned income is a return from the contribution in the production of services or goods. Thus, it is not the salary and whether it is fair or not that is important but rather work contributes to the production of a use-value. What an actual use-value is relative to the circumstances. An apartment, for example, owns an endless number of use-values - it can be a shelter for the night, a place for privacy and security, a sign of status a workplace and etcetera. In other words, it is the desire or a need for a particular product that gives it a use-value. If the apartment is put up for sale on the market, it acquires an exchange-value, in addition to the already existing use-value, and become a commodity. When a dwelling is sold at the market it is sold to the highest bidder and not on behalf of how much some one needs it. Thus, it is traded on behalf of its exchange-value and not its use-value (Harvey, 2014 pp.16-24).

Un-earned income stands in contrast to the earned-income. It derives from the control of existing assets and not from the production of use-values. Classical political economy usually refers to three sources of unearned income - interest, profits and landowning. Most relevant for this thesis is the third source, this is unearned income that derives from landowning or buildings. Using the example of the apartment again, the pure ownership of rental apartments does not contribute to any use-value production (Sayer, 2013 pp.169-70). Although, parts of the rents are paid to cover the costs for services such as maintenance, gardening and cleaning there is still a profit made by the owner. Moreover, the gardening, maintenance and cleaning is not only of importance for the tenant but also for the owner in order to keep the condition of the property and preserve its value. The income generated from controlling already existing assets is, therefore, a pure acquisition of gain in those cases it is not being reinvested in the production of use-value services or goods (Twaney, 1921 pp.56-70).

A person living from an unearned income is, in political economy, sometimes referred to as a rentier. However, not all owners of assets are rentier. The Swedish society is not easily divided between those who have and those who have not. In between there, are many who relies on their earned-income, but who receive unearned-incomes at the side. An example of this is how 1 375 253 individual Swedes, 14, 3 percent of the population, were stockholders by the end of 2013 (SCB, 2014d). Stock owning is not an active contribution to the production of any use-value. In most cases, it is not even an economic contribution to the companies. In 2011, the Swedish stock market had a turnover of 3700 billion Swedish kronor. Of those, seven billion was invested in the companies through new issues of stocks, 155 billion were dividends from the companies to the stockholders. The remaining turnover came from the trade in the secondary market (Iggström, 2014 p.110). However, according to the principle of allocation efficiency stocktrade and bank savings are nothing problematic but rather beneficial. When a company or a person

invest in stocks or begin to save money in a bank account, they do so because the expectancy of a stock dividend or rent returns. At the same time they allow the financial system (banks, stock market, and etcetera.) to move their underused recourses to where they can be used more efficient, promoting what is called *allocation efficiency*. The dividends, profits or rents should in this way be considered as rewards for lending out the money. Ideally, this should enhance the production of use-value products and services. However, the allocation of recourses does not necessary take the product into consideration. Instead, the opposite can be the case. Profit demands are blind to use-value and do, therefore, steer the investment to where the rates of the financial returns are highest. Sometimes, this coincides with the production of use-values but not necessary. Therefor, is it important to acknowledge that investments are not always favourable to everyone. Sayer (2013 p.171) distinguishes between two types of investment:

(1) Use-value/object-oriented definitions focus on what it is that is invested in (e.g. infrastructure, equipment, training)

(2) Exchange-value/ 'investor'-oriented definitions focus on the economic gains from any lending, saving, purchase of financial assets or speculation – regardless of whether they contribute to any objective investment (1) or benefits others.

(Sayer, 2013 p.171)

Investment (1) and Investment (2) can be the same thing. An investment in new apartments do, for example, both generate use-value and exchange-value. Although, the case can off cause be the opposite too. Investments (2) can have no or adverse effects on the use-value. Such as if it is more profitable to invest in existing assets than contributing with new use-value (Sayer, 2013 pp.171-2).

A geographical dimension of investments

At the end of the 1970s, Harvey (2009 pp.312-4) established that capital investments shifted away from the primary circuit of capital circulation to the secondary circuit. In other words, investments in the production of goods and services decreased in favour for investments in assets (Harvey, 2009 pp.312-4). The shift towards the secondary circuit of capital came about almost simultaneously as a global ideological shift from embedded liberalism to neoliberalism. After the Second World War until the end of the 1970s, a significant number of European countries together with USA and Japan shared a common ground for embedded liberalism - emphasising the importance of full employment, economic growth and a comprehensive welfare system. At the beginning of 1970s, the ideology was questioned - growth stopped,

unemployment figures rose, and the inflation increased. The solution was to decrease public interventions and roll back on comprehensive welfare undertakings. At the end of the 1970s and beginning of 1980s the solution was so well established that it was possible to notice a change in ideology - from embedded liberalism to neo-liberalism (Harvey, 2007 pp.1, 10-2). The latter is best described by its firm belief in:

...that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within and institutional framework characterized by strong private property rights, free markets, and free trade.

(Harvey, 2007 p.2)

The introduction of neo-liberalism brought about a significant change, not at least to the municipalities. The privatisations of domestic economies and deregulations of trade barriers made capital less dependent on geographical borders or particular sites of production (Swyngedouw, Moulaert & Rodrigues, 2002 p.201). With a firm belief in the unregulated market, governments were no longer as willing re-distribute investments among the municipalities. Thus, to survive and develop, municipalities had to attract investments. Facing a situation of interurban competition for the investments, the priorities of the politicians changed. During the era of embedded liberalism, the primary task for local politicians was to redistribute wealth among its inhabitants. However, facing an interurban competition and a rolled-back state, the responsibilities for local politicians widened also to focus on the competitiveness of the municipality (Harvey, 1989 p.5). In order to attract investments, the city became look upon as a product - a commodity, which must be kept attractive to bring about investments (Harvey, 1989 p.15).

Investments play a significant role for the public as well as the individual wealth. Although, the wealth creating types of investments do differ. What is the most profitable investment for an individual or a company might not always be beneficial investment for a municipality.

THE DEVELOPMENT OF A SWEDISH RENTAL SECTOR

Before proceeding with the analysis of the investments in the rental sector in Malmö, it is suitable to introduce the Swedish housing politics and to illustrate how public commitment and economic initiative structures has changed over the years.

A problem that requires collective action

Until the end of the 19th century, the employers (most often farmers) were responsible to accommodate their workers. The responsibility concerned current as well as former employees, which were too old or ill to work. Landless with neither an employer nor a family to accommodate them were classified as defenceless and put under the parole of the poor relief. The poor relief provided only for the poor within the parish. Thus, for a defenceless to move between villages as a vagabond was considered a crime as it would obstruct the system (Sahlin, 2013 p.54).

At the end of the 19th century, the rapid urbanisation, caused by the industrialization, made the maintenance of the parish compelled poor relief impossible. In the cities, housing was no longer considered a responsibility of the employer. Instead, the workers were expected to solve the accommodation for themselves. Those who could afford rented an apartment or a room could overcome the situation. Although, with no system to provide for the least well-off, homelessness, and misery grew in the cities. At the end of the 19th century, the situation came to the point where the government was compelled to act in the question of housing provision. Initially, the actions concerned only homelessness and the investments were limited but the public intervention would gradually increase and endure until the 1990s (Sahlin, 2013 p.55).

Characterizing for much of this development was the imprint made by the Social democratic party and the ideology of embedded liberalism (Strömberg, 2001 pp.21-49). Ever since Social democratic party was established (in the late 19th century) there has been a dispute about how housing should best be provided for, and who should provide it - the state, municipalities, cooperatives, private landlords or individuals. The early discussion originated from an ideological debate about whether the socialist society was best achieved through a *centralized* or *decentralized* Social democratic administration. The ones pledging for a centralised management believed it would be the most resource efficient and just way to guarantee an equal distribution of resources. While the decentralisation avocators focused more on socialism as a freedom movement where democratic processes were to some extent overarching an equal distribution of resources. Both views are

still present within the labour movement today, but eventually the effectiveness tradition became dominant and the government increased its power in relation to municipalities and cooperatives. The centralization was a result of the distrust on the municipalities' capacity to handle social issues such as the housing shortage. During the harsh years of First World War, the municipalities were financed to invest temporary emergency shelter. They took the quest with enthusiasm but in 1923, the crisis politics ended and the municipalities did not get any further funds to continue with housing provision. Instead, the 1920s became a decade with few public investments and an era of self-help. The ones who wanted to protect themselves from increasing rents or to get an apartment had to help themselves. Both the Swedish Union of Tenants and the housing cooperative, HSB, were founded in the 1920s as self-help movements. HSB would later grow significantly, in the 1930s, because the executive board of Social democratic party decided to work with the HSB as they did not trust the municipal capacity to provide for housing (Strömberg, 2001 pp.21-49).

In the 1930s, the issue of inadequate housing advanced from a social question to become a concern for the society as a whole. Inadequate dwellings especially in the rural areas, brought forth a deal between the Peasant's part (Bondeförbundet) and the Social democrats, which made dwellings to one of the major pillars in the economic policy. Moreover, the housing situation, both rural and urban, was coupled together with larger societal challenges such as low reproduction. At the end of the 30s, private industry, Labour unions and the Social democratic party agreed on a deal renowned as *the historic compromise*. The capital owners accepted a high level of taxation and agreed to increased wages in return for favourable production conditions - with no strikes and a government acting in the best interest of the industry. Through the compromise, the state took on the task to provide for housing at places where the industry found it profitable to expand, and to a shape and price that it suitable to the common swede (Strömberg, 2001). Altogether the 1930s was characterized by a number of politic and economic decisions to better the situation for the workers. Subsidies to invest in housing for the largest and least well-off families, subsidies for home-ownership directed towards the countryside, retirement homes and a pension reform are just some examples of how the ideology of embedded liberalism was illustrated through the housing politics (Strömberg, 2001 pp.21-49; Harvey, 2007 p.10-2).

Peaking state intervention

During the Second World War, much of the housing construction stopped, and prices increased. The government felt compelled to act in the situation and to protect its interests. Thus, as a solution, businesses were regulated or taken over by the public sector in order to boost the production. At the same time the government stepped away from the previous distrust against the municipalities and encouraged them to form municipal housing companies by

providing the same favourable loans as they did to the cooperatives. The years after the Second World War marked the beginning of the Swedish version public housing¹. After the War, it was evident that the proactive engagement by the municipalities had worked and that they could take on the responsibility to produce houses. The success encouraged the Social democracy party to, in its party program, suggest that the municipalities should form building companies, monopolise all land and in the long turn overtake all private landlords (Strömberg, 2001 pp.21-49).

The state fuelled acceleration of the housing production, and especially of rental housing, by providing for favourable loans. The subsidies were narrowed to particular forms of ownership. Private, cooperative, as well as municipal companies were all free to build, but from the 1940s, the public housing companies were entitled loans for 95 percent of the production cost while private rental housing companies were entitled loans for 85 percent. The cooperatives were classified as private as long as they did not have a board where representatives from the municipality made up the majority. The loans were conditional to favour apartments of at least two rooms of size, or one room for every person in the house. The aim was to reach a number of 60 000 new apartments per year during 15 years with a rent level not exceed the 20 percent of the average salary for an industrial worker (Strömberg, 2001 pp.21-49).

In the 1950s, the rent level target was successfully reached but a production of 60 000 apartments a year had not been possible to achieve. The rent level target was blamed to be the reason behind the failure to reach the production target. Increased rents were believed to result in enhance the production because it would make it more profitable for investments in rental housing. The government acknowledged the problem with the low production but refused to step away from the rent level target. Instead they made the regulations more liberal and changed the subsidy system. The government introduced a loans ceiling based on a set of norms, instead of building loans based on the estimated production costs. To reach the loans ceiling, the constructor must produce in accordance to those norms. Nevertheless, the housing shortage remained. Thus, housing construction investigation was appointed by the government to find solution to the problem. They concluded that three things must change in order to reach the goal. At first, the building credits had to be long-term secured preferably by the pension funds. The state should also abandon the idea of using housing construction as a tool to level out the conjunction changes in the national economy. Secondly, the municipal five-year planning should continue as it favoured rational planning and

¹ In contrast to other countries with a selective public housing sector (social housing) Swedish public housing target no specific group and are supposed to function for the common benefit of all (Bengtsson, 2001 p.55).

construction. To that the municipalities should speed up their planning procedures by applying a proactive land allocation policy. Third, the building companies should work in favour for a more rationalised and scaled up the housing production (Strömberg, 2001 pp.21-49).

Following the ideas of embedded-liberalism, the state looked to provide its citizens with affordable and well-conditioned dwellings. What began as an engagement in the housing situation for the least well-off in the society expanded to concern the housing situation for all Swedes after that inadequate housing was linked to broader societal challenges. There was scepticism towards profits and private rental companies' ability to provide housing for all. Thus, when the government subsidised construction they favoured non-profit builders such as cooperatives and municipal housing companies. The refuse to accept increased rents was also a main reason to the large subsidies and active public commitment that would last until the crisis of the *million program* in the 1970s.

The roll back of the state

In the 1970s, the housing shortage had been overcome. However, by this time the market interfering housing policy began to roll back. The expansion of public rental housing ended in 1974, when the million programs was phased out simultaneously as the conjuncture dropped because of the oil crisis. When the urbanisation stopped the demand for rental apartments decreased. Instead of living in rental apartments people wanted to live in single-family homes outside the cities. The decreased demand for apartments resulted in large amounts of empty dwellings in the cities, which struck hard on the economies of the public housing companies and the municipalities. Twenty-five years of Social democratic housing policy had led to in that the privately owned part of the housing stock had half its previous size. By the time the public housing companies owned one-fifth of the entire housing stock, which was about the same size as the private rental housing companies (Strömberg, 2001 pp.21-49).

From the mid-1970s, the dwelling subsidies were remade to not favour any other type of tenure over another. However, the political responsibility to provide the public with healthy, spacious, well-planned and properly equipped housing of good quality to reasonable costs did remain (Strömberg, 2001 pp.21-49). The new housing policy was left untouched when the Social democrats lost the government for their first time in 1976, and persisted until when they once again lost the election in 1991. In 1991, Sweden saw its first conservative Prime Minister since 1930. Under the new government, housing politics was no longer of a higher political concern. A home was considered to be equal to any other commodity. Thus, much of the extra government commitments to this field were unnecessary and not beneficial for the urge to

enhance the market forces. The 90s marked a new direction for the Swedish housing politic. Both the Social democratic government (1994-2006) the Conservative government (2006-) continued the direction market by the first Conservative Prime-minister in 1991 (Clark, 2013 pp.154-5). During those years the investment conditions had seen significant changes. The housing policy went from an annual national expense of 25 to 35 billion Swedish kronor at the end of the 1980s, to become one of the largest tax contributors, with 31 billion Swedish kronor in 1999. A major part of the incomes came from the abolishment of subsidies and together with major cut-downs of the interest contributions (Lindbom, 2001 p.139). In the light of the abolished substitutions, the housing construction dropped drastically (see Figure 1).

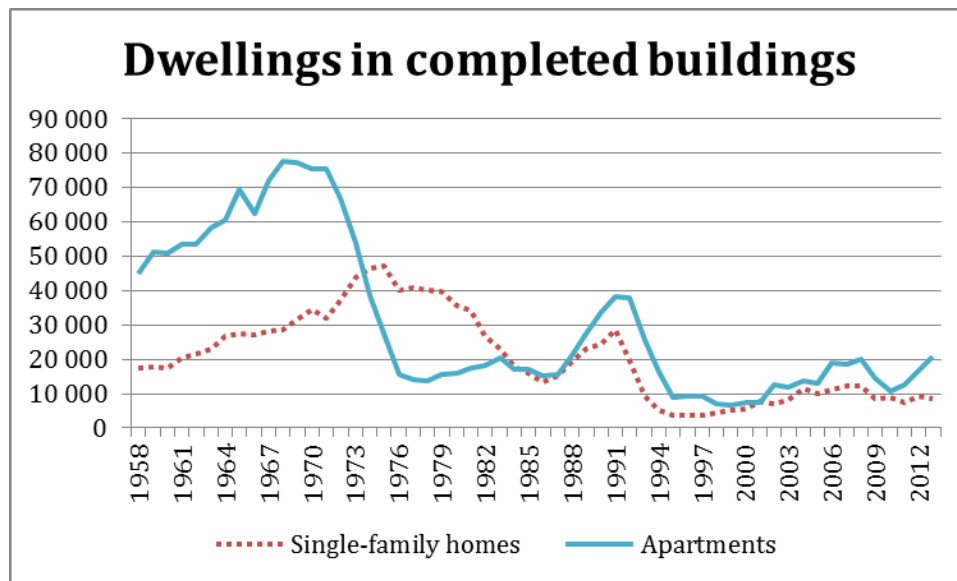


Figure 1: Dwellings in completed buildings

(SCB, 2014e)

A reform, lowering the tax for capital and raising it for services made it more profitable to own a home instead of renting it, as renting is considered a service. Thus, while the rents increased with 122 percent between 1986 and 2005 the cost to live in an owned apartment only increased with 41 percent. At the same time, the inflation was only 49 percent, which meant that it year by year became cheaper to live in a tenant-owned flat (Clark, 2013 p.156). Further examples of how the taxation differs are the value added tax on rents (as renting is considered a service) and the possibility for individual property owners and not for rental housing owners to make interest deductions on the loan and on renovation, reconstruction and addition (Fastighetsägarna, Hyresgästföreningen & Sabo 2010; Hyresgästföreningen 2014). Thus, the neutrality between different types of tenancies (that has been the policy since the 1970s) is in practice abolished as the taxes make it at least 1000 Swedish kronor more expensive (depending on the size of the apartment) to live in a rental apartment compared to a tenant-owned flat or another type of private property (Hyresgästföreningen. 2014c p.14).

THE CASE OF MALMOE

The Case of Malmoe is made up by six of the city's largest rental-companies, with a total market share of 52 percent. Interviews were carried out with one representative from each company with direct or indirect involvement in making investment decisions, such as Chief Executive Officers, Property Managers or Regional Managers. In the following section, their perspectives on the rental housing sector are declared. The sub-questions constitute the structure for this part of the study in order to enhance the readability and facilitate the analysis. Each sub-question constitutes one topic under which the respondent's perspectives are sorted and analysed. However, before presenting the results an introduction to the companies and the respondents are necessary.

The respondents and their different backgrounds

The housing shortage is a complex problem, which can be understood and analysed in many different ways. In the method section, it is declared that this thesis is analysing the case of Malmoe in from a critical-perspective. This clarification made to avoid what Donna Haraway (1988) call the *God Trick*, which means that everything is seen from nowhere. In other words, no knowledge or no claims come from an objective standpoint, but are rather dependent on the situation and context in which a person acts. For this reason, it is also important to provide with a short overview of the respondents - to declare their position.

Johansson (2014) is the Chief Executive Officer of MKB Fastigheter AB since the 1st of October 2013. Before he came into the position, he was the Chief Executive Officer of the public housing company in Halmstad (Halmstad Fastighets AB) for five years. The respondent has been working in the real estate industry since the 1990s and predominantly for the Common benefit sector in Gothenburg.

Carlsson (2014) is the Chief Executive Officer of HSB Sundsfastigheter AB. He worked as a Sales Manager for a company producing single-family homes between 1984 and 1994. In 1994, he began working for MKB with the task of building an organisation to rent out the over 600 empty apartments MKB had in the mid-90s. He began to work for HSB in 2005. In 2008, he was appointed Chief Executive Officer, a position that also includes a place in the board for the National Association of HSB.

Fransson (2014) is the Chief Executive Officer as well as the founder and owner of Lifra Fastigheter i Malmö AB. He comes from a family where the

father was a building constructor managing a local construction company in Malmö. When the market turned at the end of the 1980s Fransson (2014) decided to move from construction to property maintenance.

Sollbe (2014) has been the Chief Executive Officer for Stena Fastigheter Syd AB since 2012. Before that she was a Managing Director at Akademiska Hus Syd AB, Business area Manager at HSB Malmö and Property manager at MKB, where she started in 1999.

Eklöf (2014) is a Property Manager of Willhem Malmö AB since August 2012. He has been working within the real estate industry since 2006 and has previous experience as a Regional Manager at Condo Property in Malmö as well as Administrative Director of Dagon.

Prochéus (2014) has been working in the real estate industry since 2000. Before advancing to the position of an Administrative Director at Heimstaden Fastigheter i Sverige AB in Mars 2014, he worked as Property manager at Bostads AB Drott, Fastighets AB Briggen and Tetra Pak.

Although, the presentations are a sum-up of the respondent's previous experiences it shows how there in many cases is a greater connection to the rental market in Malmö. Five out of the six has been working in or around Malmö with housing between five and twenty years and often in high positions. Johansson (2014) has not been present in Malmö for that long, but at the same time he has been working with public housing companies in Gothenburg and Halmstad for over twenty years. Thus, even though some of the respondents, such as Johansson (2014) at MKB and Prochéus (2014) at Heimstaden have held their positions for less than a year, they are well versed in the topic.

The companies and their owners

Likewise important as knowing the background of the respondents it is to put the companies into a context, declaring their ownership structure, objective and size.

Lifra is a local, family-owned company founded 1991. The business began with real-estate management but expanded also to include property ownership. After twenty-three years Lifra manages of over 2500 rental apartments in Malmö of which 500 apartments is owned by a company themselves (Fransson, 2014).

HSB is a cooperative housing organisation with over 550 000 members organised in 31 regional HSB associations and under one National association. The main business is home-savings, housing cooperatives, and building and

property management. However, some local HSB associations do also own and manage rental housing. In Malmö, HSB own 2000 rental apartments. The rental side of HSB is regarded as a complement to the tenant owner flats that are the main business (Carlsson, 2014). HSB is organized around the cooperative principle of one member one vote. Hence, owned by the members HSB does profit more than necessary to keep the business going. Furthermore, are all surplus value reinvested the business. The business plan is to create as good dwellings as possible in cooperation with the members (HSB, 2014a).

The family of Sten A. Olsson owns Stena the sphere to which, Stena Fastigheter Syd AB belong. The sphere is one of the largest family owned businesses in Sweden with over 19 000 employees (Stena Fastigheter, 2014a). Even though Stena is a large rental-property owner in Sweden their main business is not housing, but shipping. Stena have been present in Malmö since the 1980s. With a mainly organic growth, the company do now own about 5 500 rental apartments in the city.

We are a company that acts as the bank of the [Olsson] family. For which we [also] are a constant yielding leg that is supposed to be inherited among generations. It means that it is not primarily in this part [the rental-property side] where the risks are taken, and that is the reason, why we have invested in rental apartments. The risk is taken in other parts of the Sphere, such as in the shipping business or elsewhere. We are providing for the stability in that way. It is important to remember when it to understand of who we are.

(Sollbe, 2014)

Willhem is rental housing company owned by Första AP-fonden (Willhem 2014). Första AP-fonden is one of five Swedish buffer funds for the national income-pension system. The funds are the capital reserves, which cover potential deficits that appear in the pension system if the disbursements exceed the contributions. By the turn of the year, Första AP-fonden managed 253 billion Swedish kronor worth in assets (Första AP-fonden, 2014). Parts of those are invested in properties, through the ownership of Willhem. Altogether Willhem owns about 16 500 apartments, distributed in different Swedish growth regions. In Malmö Willhem own about 2000 apartments (Eklöf, 2014). Aside from being a long-term and “customer friendly landlord”, Willhem aims to provide for a stable total return that is in the level with the best in the business (Willhem, 2014).

Heimstaden is a real-estate company fully owned by the Norwegian property investor and multi-billionaire, Ivar Erik Tollefsen. Apart from Heimstaden Tollefsen also own Fredensborg with about 2400 rental apartments in Norway (Tronier Halvorsen, 2014). Heimstaden, develop and maintain their

property as well as the property of Alecta, Ericsson and Sandvik (Prochéus, 2014). Altogether, Heimstaden owns about 7000 flats themselves, and another 6000 together with Alecta, Ericsson and Sandvik. In Malmoe, Heimstaden have about 3000 apartments (Prochéus, 2014) According to the business plan, Heimstaden aim to:

...establishes, maintain, develop and own - alone or together with other investors - housing properties in growth regions in Sweden, offer the tenants secure and comfortable housing in the different phases of life, and also the co-investors a professional investment product with an attractive and risk managed return.

(Heimstaden, 2014 p.14)

The municipality of Malmoe founded MKB, as a public housing company, in 1946 (MKB Fastighets AB, 2014a). With about 22 700 rental apartments and 33 percent of the local market MKB is by far the largest housing company in the municipality (MKB Fastighets AB, 2014b). Furthermore, it is one of the largest rental companies in Sweden with about the same number of dwellings as the public housing companies in Gothenburg or the entire Stena sphere (Johansson, 2014). According to the business plan, MKB's objective is to:

...contribute to a positive development in Malmoe through balanced rents and new construction. The business should be conducted in a business-like manner. It also applies to the company's social efforts for increased employment and reduced welfare dependency.

(MKB Fastighets AB, 2014b p.4)

The Chief Executive Officer of MKB further explains the objectives:

...MKB is one of the largest real estate concerns in Sweden and is therefore of tremendous importance for the development in the most-southern parts of Sweden, for Skane and the development of Malmoe and Oresund. We can never escape the fact that it [MKB] is the single most important player in the housing market. If you look at the housing question as such, I would like to say that it together with employment is one of the two foundations in the welfare build. What MKB does or does not do is obviously of great importance. Although, we are not the only actor - many other actors have an enormous impact. Therefore, it is not to believe that if we do something good everything will be all right because it is not so.

(Johansson, 2014)

Acting in a business-like manner

The emphasis on MKB to act in accordance to a business-like manner has its explanation in that MKB is a publicly owned company. The business plan together with a statement from the Chief Executive Officer specifies how MKB is expected to work in a way that is beneficial towards the common by supporting the well-fare build, employment and development in Malmoe, Skane and Oresund. Commitments towards what the owners regard as common challenges, such as enhancing growth provide housing for the lower socio-economic strata. Such public commitments are characteristic for the traditional role of a public housing company. As it is explained in the historical sum-up, the public housing companies held a special position (non-profit, favourable loans and etcetera.) in comparison to private rental housing companies, because the non-profit motive was considered necessary when working for the common benefit (Prop. 2009/10:185 p.1). However, in 2011 this principle was abandoned because the market was considered equally capable of contributing to the development of the common as the non profit actors. Thus, the public housing companies had to adapt to the rules of the market to enhance a fair competition. Thus, since 1 January 2011 public housing companies must act business-like (Prop. 2009/10:185 p.1). More so, they must also generate a business-like return to their owners (Prop. 2009/10:185 p.46). What exactly a business-like return means is not clearly defined. Different actors provide different interpretations. See the report for the Swedish Property Federation (Lind & Lundström, 2011) and the report from the Swedish Association of Public Housing Companies (SABO, 2011) for two perspectives.

Nevertheless, Johansson (2014) argue that the reforms have not changed much in practice.

It has not changed much. Perhaps some companies but not the once I have been in. I can almost answer for Gothenburg, as well it has not changed anything. However, it means that when you have new production or maintenance, then you must be able to defend it with a commercial estimate [...] that you need documentation in the background and so on. What you do, does not distort the competition, in any way. Therefore, it is possible that actors today are more accurate with the documentation, because it is important to [be able to] show afterwards why you did something. The starting point is that the project should go together - but it is not forbidden to have a project that does not go together. I mean that you can have a development project [...] [and] many large companies have that, but you cannot have it as a rule because then you destroy the market. From my point of

view, it is no big difference. [...] However, it is important that you do it [the investments] based on the company's best interest. You can never say: let us do this because it is good for the municipality of Malmö. It might be good for municipality of Malmö too, but you have to be able to defend what you think it is good for the company.

(Johansson, 2014)

MKB would most likely act in the same way even without the law.

I do not think we would have acted that much different. It is clear that you always respect the present rules. Meanwhile, there are opportunities for politicians to take dividends and use for social purposes. Therefore, I do not know [...] how much it perceives as a barrier. There are many from all sides that are experiencing this legislation as a limitation. However, it is a compromise to deal with - or escape from - decisions [regarding the form and function of the public housing system] made at the EU level. [...] Still, it means that the public housing system been able to continue, in the same way as it did before.

(Johansson, 2014)

In a decision from one of the latest municipal council meetings, there is an example of how the politicians of Malmö use the profits generated by MKB for social purposes. The fifth of March 2014 the committee decided that the dividends from MKB in 2013 should be two Swedish kronor per share, or 30 million Swedish kronor in total (Malmö kommunstyrelse, 2014 p.27). The 30 million is equal to 20,4 percent of the total profit after tax of 147 million Swedish kronor after tax (Malmö stad, Stadskontoret, 2014 p.4). The need to cover the increased costs for homelessness motivated the rate of return. Dividends at this percentage are allowed if it helps to the municipal housing commitment - to provide housing for all the citizens in Malmö (Malmö stad Stadskontoret, 2014, p.2). The local branch of the Swedish Union of Tenants protested against the decision. They were critical towards that it is MKB, and indirect its tenants, had to cover the costs for the increased homelessness in Malmö. They argue that it should instead be a concern for the entire municipality (Wahlgren, 2014).

Heimstaden, Willhem and Stena have an outspoken intention to generate a consistent and comprehensive return on invested capital. Lifra is not outspoken in their objective, and HSB is acting in the benefit of its members with a non-profit objective. MKB has a dual objective - at the same time as it is committed to increase the welfare for the inhabitants in Malmö it is also

supposed to act business-like, facilitate other companies and generate a return to the municipality.

The perception of the situation on the local rental market

The turn towards neo-liberalism transferred power from a collective level to an individual level and it affected the interpretation of problems. If for example, the rental market do not function as well as expected the problem is almost never recognized to be rooted in the nature of market mechanisms – indicating a need to regulate the market. Instead the cause of the problem is most often concluded to be that there is too little market - in other words, too many regulations. Thus, the market as a mean of distribution and is more or less regarded as superior - capable of solving all problems that it creates itself (Clark 2013 p.170). It is exemplified by how the government inquiry (Hyresbostadsutredningen, 2012) wants to solve the rental housing shortage with a “freer” market and more private investments. However, if potential market enhancing re-regulations would increase Investment (1) alternatively, the kind of investment (2) that puts more use-value objects on the market, depends on the objectives of the companies - their, interest or sense of responsibility to contribute with use-value to the market. Before looking at the perception of responsibility, the way in which the companies’ perceive the rental market must be clarified. It is necessary because their sense of responsibility depend on how the situation on the local rental market is understood - are the problems collective or individual, is there a housing shortage at all and etcetera.

The Chief Executive Officer of HSB is one of the respondents with the most experience from the rental market in Malmö. He marks out 1999 as turning point from then the situation becomes more of a shortage. Although it is not impossible to find an apartment, what is difficult is to find an affordable one.

I would say, without having confirmed it to assure it is a 100 percent certain that you would be able to get an expensive apartment today. I think there are empty rental apartments that are expensive in Malmö. [...] If you are analysing the housing situation and the housing shortage you should be aware of, that I think, that the housing shortage does differ geographically. If someone moves to Stockholm, he or she can afford to buy an apartment. Not everyone off cause, I am generalizing a bit. [However,] those who move to Malmö cannot afford to buy an apartment and even more so, they cannot afford to rent an expensive apartment either. Therefore, they need an apartment from the old stock.

(Carlsson, 2014)

The Lifra's Chief Executive Officer of Lifra shares a similar understanding of the price sensitive rental-market in Malmoe.

It is very easy to rent out the apartments that are priced at the right level. Large apartments, new production and to some extent older [apartments] produced in attractive locations where we are up talking about rent levels of 11 000 to 16 000 per month have few customers. Is not very many in Malmoe that are willing to pay that. If you had those apartments in Stockholm, it would not be a problem, but Malmoe is not yet there. Although, [the apartments] with a rent below 10 000 is very easy to rent out.

(Fransson, 2014)

It is a disputed question if it is a shortage or not. None of the respondents except Willhem address the situation as a shortage without having any objections. For Lifra there is a shortage on locations where people want to live, but not a general shortage seen to the entire city, because there is still possible to find apartments - even though they might be expensive (Fransson, 2014). Carlsson (2014) and Sollbe (2014) do also share a similar idea of the situation. There is a need for more housing, and there is a high demand for the product but it is not certainly a housing shortage (Sollbe, 2014; Johansson 2014). Prochéus (2014), explanation summarizes the general perception of the market.

It depends on which perspective. If you are looking at it entirely from the demand perspective, we have an intense pressure on our product. We have no problems to rent out our apartments. The housing situation in Malmoe and its surroundings [...] are a problem if you consider the supply of housing. It is like this with rental apartments, they are most often the first-time resident for young persons that are entering the housing market, and it is not easy to get into housing market. Hence, it is a market where grander measures are required so that the new production will start, and to find other possibilities to meet the needs that are there.

(Prochéus, 2014)

The respondents were not able to agree on a housing shortage in Malmoe. The companies experience a strong demand for their product and do not have any considerable problems to rent out the apartments, at least not in the old stock. What is characteristic for Malmoe is the price sensitivity creating a two-split market. On the one hand, there is an old stock with affordable apartments and

excess demand. On the other hand, there are the new-produced apartments and some large apartments in the old stock that are difficult to rent out, or have more short term tenant (Carlsson, 2014). The inhabitants in Malmoe cannot afford the new-production and because of that there is a mismatch between what the market can provide and what many individuals can afford, or want to pay. The two-split market is also making it difficult to address the situation as a shortage. There is a strong demand for affordable rental-flats predominantly in the old stock. However, at the same time there are available apartments available, which are considered to be too expensive.

The perception of responsibility

Housing shortage or not, all respondents experienced a demand for more rental housing. Nevertheless, the statistics over the rental housing production show a drastic drop in the production since the 1990 (See Figure 1 on page 22). Thus, even though a demand, the sector is not capable or willing to produce more dwellings. One reason is that it is challenging with new-production. Nevertheless, there has been some construction so it is not impossible. In the interviews, the respondents were asked to declare their opinion on what others (the government, the municipality, etcetera) must do to enhance the construction of rental-units. Furthermore, they were also asked about what they do, or want to do, and if they feel responsible for adding more dwellings to the market.

The respondent's understanding of what others must do overlaps to a large extent what the Swedish Property federation in Malmoe (Höckert, 2011) addressed as the obstacles for the rental market in the city. In 2011, the Swedish Property Federation conducted a survey on 78 respondent's form rental housing companies in Malmoe asking about primary obstacles an increased rental housing production. According to the Survey, the five major obstacles for and increased new production are: The profitability of building rental housing compared to other forms of tenure, building costs, the rent setting system and land allocation. If not for those shortcomings, the private sector would be able to add another 500 rental apartments a year to the rental market in Malmoe. As a solution to the shortcomings, the local Property federation suggests the abolishment of municipal special-requirements, lower tax on rents, a scheme with either zoning or building permits, more investments in infrastructure and reduced noise regulations. Furthermore, the County administrative board should not be the appeal body for planning and building matters, and the allocation of land for the construction of rental apartments, as well as the building regulations, should be made more favourable for the production of rental buildings (Höckert, 2011).

Overall, the property federation suggest fewer rules or fewer regulations, no chance for local rules and more investments from the government. The role of

government and the municipalities is to provide suitable conditions for investments by having fewer regulations and be supportive with the infrastructure, but not to interfere. However, even if the state and the municipality of Malmö would imply all those changes it would still be up to the rental housing companies to decide if they think this is good enough or not. Therefore, it is important to see how the rental housing companies perceive their responsibility towards the market and to what they do to meet the demand for more apartments. Are they at all interested in new construction, to bring new dwellings to the market or in any other way better the housing situation?

As an actor in Malmö, I would say there is only a market I will build. I think that the politicians should focus more on the workfare so that the employment problem is solved. If they make sure that immigrants and young people are employed so that they eventually can afford to buy or rent a more expensive apartment, then we will build both rental and tenant-owned flats. [---] In Stockholm, I can see a completely different situation where there is a great demand to buy. It just a matter of getting enough plans ready to be able to buy and sell. [...] That is why the Government and the Housing Minister is trying to change the planning processes and so on. [In Stockholm] it is a problem. In Malmö, we do have, even though most of the municipally owned land is assigned, large areas where we can build. We have large parts in the Western harbour huge areas in Limhamn, huge areas in Hyllie and there are other places as well. In our case, the problem is the possibility to demand the product. Thus, we will build if there is a demand.

(Carlsson, 2014)

The Chief Executive Officer at Stena is positive to take responsibility and to build more.

I think is important, to realize that the rental apartment cannot be built at a level that is exactly the same as a tenant-owned flat. [...] Shall we, so to speak, build rental apartments then we must perhaps think a little differently in certain situations. Think a little differently try different approaches think about the surfaces or other ways to facilitate the production of more rental units.

(Sollbe, 2014)

Lifra does not do new construction and do emphasises how the responsibility for adding more housing is a shared responsibility between many parties.

I think it is important [that more rental housing is built]. Everyone must pull his or her bit. However, as it is an enormous difference between property owners and construction engineers [...] [the building companies] do not want to own, they want to produce. Thus, you must target the property owner and not just the big ones but you must also find the small ones and make it more profitable for them to order houses to be built.

(Fransson, 2014)

Willhem was one of few actors that renamed the situation as a housing shortage. Although it is not considered to be a part of Wilhelm's business to add new apartments to the market.

We are aware that there is a need to build more and that it is a shortage of housing, but we cannot see that we are the ones that should build. There are others. Although, we will look at densification and to build we will not do it ourselves. That we do not believe in.

(Eklöf, 2014)

Similar to Willhem, Heimstaden do not produce or add new apartments o in garrets or by densification. They do not regard it as their responsibility to add new dwellings to the market.

We have no construction business, and I think like this, as long as the situation looks like it does from the outside, both when it comes to the rent-setting but also to the cost structure for new construction, I think that there must be something extra to kick-start the housing development. It has been very much [production] of single-family homes [...] but more is needed in the apartment-building side. Nevertheless, we are not about to begin construction, so probably the question is more urgent for construction companies.

(Prochéus, 2014)

MKB by far the largest rental companies in Malmö. As a public housing company, they are not a part of the Swedish Property federation but SABO - the Swedish Association of Public Housing Companies. Thus, exactly the same perception of the market is not shared by MKB.

Yes, there are obstacles and challenges, and we do not have the power over all of them. However, we are the ones with the most

authority regarding whether we build or not. [...] We will learn to live after the current set of rules. I mean you cannot only say that it is someone else's fault. [...] It is important to be aware of that in your situation it is you that has the greatest influence over yourself. [...] There are many things that could be made easier. [...] Rules are one precondition. In my world, I would also like, it applies, that there were more building rights distributed among more actors. When I talk about the building rights, I mean planned land, which is controlled by property owners. It is almost as if you have your plot of land when you know if you have the right to build extensions or not and whether you can do it instantly. It allows you to manoeuvre much faster, and you can work in a different way when it comes to costs and so on. You can also get a price competition if there are more development rights than there are today. There are many development rights today, but they are very much in the hands of the big construction companies. Thus, one can consider whether it needs to be more in property owners' portfolios. There we have a responsibility our self's too. If you want to have development rights in five years [...] then you must act today.

(Johansson, 2014)

The answers illustrate two different ideas about responsibility. MKB, Lifra HSB and Stena realize that there are many obstacles that are making the construction of additional dwellings more difficult. Nevertheless, they do add new dwellings to the market. Willhem and Heimstaden, on the other hand, are not at all interested in new or additional production in the first hand. Even if Willhem consider doing it, it is not in their current business model, and they do not recognise themselves to any responsibility for adding more apartments to the market.

Investments in rental housing

There are many different ways to invest in rental housing. However, four ways appear dominant after the interviews - to acquire already existing property, build new apartments, develop already existing properties and add to already existing property.

Building

Of the six property-owners present in the study, MKB, HSB and Stena are the only ones investing in new construction. The politicians oblige MKB to contribute to the development in Malmoe in a business-like manner. In terms

of investments, this is supposed to occur with a production start of 500 new apartments each year.

Property management is most important for us. However, if you look at the strategies, one strategy is to grow by building and producing up to 500 apartments a year, for a while. We want to participate and provide the housing market with more homes. At the same time we do also want to act in a way that allows for other actors to provide the housing market with more homes. It is based on the existence of the rules, laws and legislation - that we will act in accordance to business principles. It is important that we do because we do not - I mean, if we build apartments and rent them out to lower levels than what anyone else could do - then it is only us who can build [...]. It is important to act in a way so that the market can act too.

(Johansson, 2014)

Beginning with the development of Potatsiåkern in 1991 and continuing with B001 exhibition in 2001, MKB has focused much on the construction of more exclusive rental apartments as a compliment to the already existing stock. During the same period, the construction subtitles disappeared, and construction costs increased. Thus, in recent years MKB has not contributed with much new production in that segment, despite the social obligations and the need for more affordable rental apartments in the city.

I think we will broaden us in terms of our new construction in the future, because we will [...] build in different segments. I will consider prefabricating or other things that will make you come down in a bit on the rents. I do not want to use the word cheap but if you come down a bit on the rent, more people will be able to ask for a tenancy. [...] Now we have built many top of the art projects, as a company like us should do too, but looking ahead, we will still have the situation where most cannot afford a new tenancy. Thus, my ambition is that more people should be able to demand, and I think I will succeed with that.

(Johansson, 2014)

To meet the members demand for affordable flats HSB aim to grow with about a 100 new dwellings every year, HSB has traditionally grown by both new production and through acquisition of existing rental units. The diligence between them both has been about 50 percent each, and that diligence will most likely persist (Carlsson, 2014).

...To be able to provide affordable dwellings via the new-production, the apartments must be small. Otherwise, it is not possible. Although, we regard ourselves as a responsible actor on the market and therefore we want to contribute by building more rental apartments. [---] However, there is a problem, because even if we produce smaller dwellings the rent is still quite high. It is a dilemma. Nevertheless, we see that there is a demand for that type of living, and we do notice that younger people are willing to pay more than those who are a bit older and are coming from ownership.

(Carlsson, 2014)

In comparison to the other private actors 50 – 100 newly produced apartments per year is an ambitious target, which is further explained by Carlsson (2014):

We are a cooperative [...] the money that we make is reinvested in the business. Thus, we do not need to distribute any money to shareholders or other owners. We reinvest money and so we can invest those gains in new production. It is why we do it. Absolutely. Furthermore, I would argue, it does not have to be a bad investment.

(Carlsson, 2014)

Carlsson (2014) argue, new production does not have to be a bad investment and for Stena, investing in new production is preferred over acquisition.

Although, we buy and sell on occasions we are not a big transaction player, even if there sometimes are some movement in our portfolio. [...] After that we have seen how the prices have become too high [for rental apartments], because of the many investments from the pension capital - but also for other actors – we have begun to build new apartments ourselves. [...] We have developed an organisation including in-house project development, where we build and densify. [This is done] primarily on our ground but also on development rights. If we look at Stena in Malmö, we completed 77 flats in the Western harbour, in 2012. Most recently, in March this year we finished 35 flats in the middle of the City, in a block called Frans Suell behind Stortorget. We are also about to begin new production in Lomma harbour, Nöbbelöv in Lund and Malmö.

(Sollbe, 2014)

Acquisition

The three companies investing in new production do also invest in the acquisition of rental property, although their reasons for it differ.

We can see that the home-savers are asking for this product [existing rental units in the old stock]. For us, it is an excellent addition. However, as an actor in the community and constructor it does not put more apartments on the market. Therefore, we think that we want to have a complement with new production - to try to find the economy in building new apartments. The last few years we have done it quite a lot too. MKB is a lot bigger than us and has a lot more muscle than we have. Although, as a private actor, we consider ourselves as a private actor, we are decently the one that has added most-rental apartments to Malmoe after MKB.

(Carlsson, 2014)

Abandoned is the wrong word. However, let me put it this way: The way the market looks right now - with the rates of returns that we think is necessary for us in order to be a persistent actor in the long run as well as if we are not to not live on capital gains but rather on cash flow. We see that it will be difficult to acquire in the coming future. Hence, we can say that we are still looking. It is not like that we are not looking at the possibilities to acquire because that we are doing all the time, as we are active in estimating the market. However, today it is more attractive for us to build than to acquire, in most cases but not in all of them.

(Sollbe, 2014)

We might consider acquiring a property - we can do that, and there are various reasons for that. You can do it because it is a good management unit, because it is affordable, and you might do it to ensure that there are rental apartments available in an area where the tenant-owned flat otherwise is very substantial. There are different reasons, but it is not through acquisition [...] that will see more rental apartments. Nevertheless, it is not something that is foreign to us - we have done it on numerous occasions and are prepared to do it again. However, we focus more on new production and perhaps land acquisition than the purchase of existing rental properties.

(Johansson, 2014)

The remaining three companies do not build new houses at all and are dependent on acquisition for their growth. However, while the acquisition could have other potential gains than providing for a capital return in the case of HSB and MKB the reason for Lifra, Heimstaden and Willhem are more of financial character. Lifra's acquisition strategy is to speculate in that the property value will increase.

If you are to buy in areas, let say Slottstaden, where it is very popular then you must pay a high price. You are charged for new windows even if the windows have been there since 1910. The market does not take it into account. Instead, it charges on purpose of location, location. Thus, when we look at new items, new houses, we try to look in areas that we believe, or I believe, are areas that within a 5-year period will be more stable and with a good appreciation.

(Fransson, 2014)

Heimstaden do take the location in consideration but do also have an outspoken focus to grow in volume in order to get management strategic benefits. Thus, the housing stock is streamlined so that Heimstaden can focus their property to one and the same areas (Prochéus, 2014).

Wilhelm's primary objective when they acquire is that the property is developable.

You look at everything, but most of all you look quite a lot at properties in need of development. There must be a chance to develop the property [---] to renovate, to remake, to higher the value of the property in some way. It should not be fully developed [...] so that we can contribute in some way.

(Eklöf, 2014)

The development focus will also become a growing part of the business of Heimstaden in the coming years.

Heimstaden has previously worked a lot on building volumes. It has grown considerably in a number of years. Now we are at a stage where we focus very much on administration and see how we will work with our procedures - how can we develop our methods, better the maintenance, and boost our existing properties. Therefore, we are investing a lot now about investing in existing properties. That is also something we like to highlight, when we are speaking about our business. [...] It is

both piping, to renovate bathrooms and to raise the property technically.

(Prochéus, 2014)

Development

The development focus is of extra significance to the business of Stena, Willhem, Lifra and Heimstaden.

The product as such is rather narrow, and we have limited possibilities to affect it. However, there are parts in it that is about the investments in the properties [and] in the apartments. When you are doing a bathroom renovation or kitchen renovation and increase the standard, then you can get a supplement charge because of that. That is how we get an economy in our investments.

(Prochéus, 2014)

Three of the companies have even standardized a development concept.

We like all the others are commercial and business-like in all sorts of ways. Thus, everything, or much, is about increasing the value of the property. That is what, is attractive for the owner. Once again, we are sitting in a Million program house [Willhem's office in Lindängen] and here we have a large deferred maintenance, because there have been many owners of these properties have seen to bringing home the profits and do not care so much about the tenants. We, on the other hand, have said that we will be here for a long time. We will be here the ends of time, which is about how we discuss. However, we need to be profitable, and one way to be profitable is to renovate the apartments. [...] We do not want to send out the current residents. Those who live here and enjoy their accommodation should not have to move because out that the rent is too high. Although, when we have empty flats, we do what we call Willhemslyftet [The Willhem uplift]. It mean that we empty the entire apartment and rebuild it to tenant-owned flat standard, so that we have hardwood floors, [...] full tiled bathroom, floor heating in the bathroom, kitchen appliance in stainless steel, dishwasher and such things. At the same time, we are increasing the rent. That does not mean that we force the new rent on some once. We must balance this because there must be a market for it too.

(Eklöf, 2014)

With the renovations, the rent will increase.

If we speak of a regular sized three-room apartment on 70 square meters - seventeen to eighteen hundred kronor per month in the rent increase. [---] [Which equals to a rent increased between] fifteen and eighteen percent.

(Eklöf, 2014)

There are considerations of rolling out Willhemslyftet to the entire stock.

There is a thought of doing that, but I am not sure whether it will happen. We have started in a small scale. We do about 80 flats per year in Malmö. Out of the 2057, this can be considered to be nothing, but it is quite large amounts of money that are invested in it. Meanwhile, if we have 2000 apartments, we have about 13 percent of resettlement, which means that there are about 250 apartments that we can remake. Now we are taking 80, which are about eight to ten per month. Thus, it will take some time. When we are ready, we might just have to start all again, because they will not be new for all eternity that is the case.

(Eklöf, 2014)

Stena works in a similar the same way as Willhem.

We call it A-lägenheter [A-apartments]. Upon succession, we work with to see if [...] it is possible to do something in the kitchen or bathroom, to upgrade the flat. It is of course importantly to estimate, so to speak, what is attractive for the market, what rent level is possible to end up on. It is not only about rent maximizing, but also to decide on a rent level that is persistent.

(Sollbe, 2014)

The investments in A-lägenheter are something that is not fully developed in Malmö yet, but it some ting that we will see more of in the future.

We have not worked that broad with it, but we are working to get bigger volumes in it. It is about getting more diverse stock,

and off cause see if there is a need. If you look at the dwellings from the 70s [...] it is many discussions are about the changing of pipes or such things. It can also be about the sealing layers and wheatear it is half tiled or not because people use the bathroom in ways that they were not built for back then. Thus, it is about proceeding where it is believed to be possible to offer another product, but also to find ways to improve the apartments to the demands that the current tenants put on them. [...] We have been in the front row and tried it on some locations but looked ahead, we have projects where we will do it a bit more systematically, than we have done. We have done it on some different areas but now we see it as a way to upgrade and do it upon succession. Then it is done between two customers and the customer who decides to move in has chosen both the apartment and the rent level. That makes it an easier transition.

(Sollbe, 2014)

While Willhem has Willhemslyftet and Stena A-Lägenheter, Heimstaden work in the same manner.

We do exactly the same thing here, only that we have not put a label on it or given it a name. [...] We have decided to invest quite a lot in our present apartments. It is done in connection to resettlement, where we in connection to the apartment inspection go in and look at how, for example, the bathroom or the kitchen looks like. Then, we go in there and implement targeted measures. That, you can say is a variant of their set-up. The purpose with it off cause that we want to improve the standard of our flats as we go in to do those things. We see that the materials that we put in also are more sustainable and efficient from a maintenance point of view. In addition, that you get a rent increase when you do those changes, and then you can get the investment calculation to go together as well.

(Prochéus, 2014)

Investing in developing a property is necessary and naturally too most landlords. Maintenance such as cleaning, painting, repairing, fixing or replacing is part of a regular the routine. However, in some occasions it is difficult to say what is development and what is maintenance. Sometimes, the maintenance is carried out in such way that it transforms the apartment to a new product. In some cases, it is inevitable because of a previously neglected maintenance. Although, in other cases it is difficult to say if it is not the profit motive alone, which motivate the “maintenance” investment. The Swedish

rent setting system primarily relies on the material standard of the apartment - the utility value. The utility value system takes the form of a negotiated list that declares the additional rent cost for everything that is considered to be above basic standard. It could, for example, be a fully tiled bathroom instead of a bathroom with walls painted in waterproof colour, a glassed in balcony instead of a regular balcony or kitchen with kitchen appliance in stainless steel instead of kitchen appliance in white, etcetera. The increased material standard from, for example, a new bathroom, a glassed in balcony or a new kitchen affect the rent level. The system is designed for a market in balance. The purpose is to make sure that all the flats similar in sizes, standard and location are charged with the same rent, regardless of the landlord. By doing so making the rent understandable and possible to negotiate collectively (Philipson, Lindgren & Knutsson 2014). Although, when the demand for rental apartments heavily exceeds the supply, the landlord can renovate the apartment so that rents are maximized according to the utility-value system.

Increased rents, motivated by the need of maintenance have given rise to many disputes between the Swedish Union of Tenants or other local representatives and different property owners. The disputes have often concerned how the increased rents affect the present tenants, if the new rent level is reasonable or not, and to what degree the tenant is allowed to decide over an apartment. On a broader scale, maintaining projects has sometimes caused major protests, such as in Husby and Drakensberg in Stockholm or Norra Kvarngärdet and Södra Kvarngärdet in Uppsala. In those cases the protests targeted, what was regarded as, inflicted luxury renovations (Westin, 2011). However, if carrying out the maintenance upon succession, there is no doubt about who controls the apartments. Furthermore, there will be no protests.

Addition to already existing property

A method to add new dwellings to the market without building an entirely new rental building is to make an addition to an already existing property. It is a method used by Lifra, HSB (Carlsson, 2014) and MKB (Johansson, 2014). However, it is most extensively described by Fransson (2014):

It is quite hard to build new. It is easier to take on an existing property. It is easier to put together the funding. It is rented out from the beginning. If you are building new there is always an uncertainty if will be able to rent it out. The rents for a rental apartment are today up in the roof in consideration to what the market can handle. It is possible to negotiate rents with the Swedish Union of Tenants that the market cannot take. That is why it is a bit more uncertain with new production.

(Fransson, 2014)

I think that when there is a high risk in new production, it makes the capital that could have been invested in it to turn to the existing stock instead. Which do not add new apartments [to the market]. Most certainly, it takes five years, at least five years, before you can start to make money on new production. Meanwhile, you need other houses, to help [cover for its losses] that [new] house the first five years. Although, five years is not that much when a house that is expected to stand for over a hundred years, it is nevertheless so that if you already have a good turn-over [you make good money on what you already own] why should you build a new house? Unless you have very much of an entrepreneur inside of you, why loose the five years if you do not have to?

(Fransson, 2014)

Therefore, Lifra has what they call new production within already existing walls.

It is not that we have ridged new houses, but they have been almost dilapidated. Hence, that we have undertaken them and begun with renovation. Cost wise, it is almost the same as new construction. However, it is not because the shell [of the building] is there. Right now, we have some new construction where the first tenancies move in the 1st of June 2014, and where all apartments are new apartments. [...] [The house] is out at Johanneslust, at the corner of Sallerupsvägen and Johanneslustgatan, where Friskis & Sveltis has one of their facilities. There we have built 22 flats. It is an old house, which we have had to tear down and rebuild again, identically the same.

(Fransson, 2014)

Of the six companies it is only HSB, Stena and MKB that provide with new-production. MKB does it because their owner obliges them to it. HSB does it outermost because of the demand from their members. The sense of a responsibility towards the market and the argument that it does not have to be a bad investment is an important factor. Stena invests in new-production because it is considered to be a more attractive investment than acquisition. At the moment, pension capital increase the price of acquisition, which makes in-house development on land already allocated to Stena a more attractive option. HSB, MKB and Lifra do contribute with more apartments by adding to already existing properties.

Heimstaden and Willhem distinguish themselves from the others because they are not at all interested, or obliged to, contribute with any new apartments to the market.

All six companies develop their property on a regular basis. However, in the case of Stena, Heimstaden and Willhem development have an additional meaning. The companies have established a concept by which they develop some apartments in a more luxurious way. The renovations are carried out upon secession aim to renovate an apartment so that it enters a higher price segment and also become easier to maintain.

DISCUSSION

The purpose with this thesis is to analyse and problematize investments made by rental housing companies in Malmö's rental market, by answering the two research questions.

- How can different objectives be associated with either investment (1) or (2)?
- How do these different investment objectives, (1) and (2), effect Malmö's rental market?

Investment (1) and (2) in relation to company objectives

Heimstaden and Willhem are the two companies that are the most investor-oriented in their investment strategies. Neither is willing to take any responsibility for the housing shortage. The primarily objective, apart from serving their tenants, is to generate an attractive profit to their owners - a Swedish pension fund and a Norwegian multibillionaire. The strategy to achieve the most comprehensive (short-term) yield is for them to invest in acquisition and development. Thus, to buy property and invest in maintenance in order to increase rents, make the management more efficient and increase the value of the property. Not as there is a need for it but rather because it possible and profitable.

Stena acts in similar to Heimstaden and Willhem when it come property development. However, Stena acknowledges a responsibility for adding more rental units to the market. New-production is expensive and more difficult to rent out. As the Chief Executive Officer of Lifra declared, new-production is not a profitable short-term investment as it takes at-least five years for it to become profitable (Fransson, 2014). Therefore even if Stena makes investor-oriented investments they differ from Heimstaden and Willhem in their strategy with new-construction and a more long- term perspective on generating profits.

Lifra is just like Heimstaden and Willhem a company that grows mainly out of acquisition of already existing houses. Nevertheless, they do add new apartments in the garrets of their own houses. The motive behind Lifra's investment is not as clear as for Stena, Heimstaden and Willhem, because there are no outside investors requireing a profit as Lifra is a family business without any and official business plan declaring a profit motive. However, it is most likely that Lifra is managed with a profit motive. Not at least in consideration of how Chief Executive Officer of Lifra declared new-production as a more long term investment more suitable for entrepreneurs and that

they, therefore, did not do it. Alternatively, in the way they speculated to increase the value of the properties, by choosing up and coming locations for their investments.

So far, investments made by Heimstaden, Willhem, Stena and Lifra are classified as investor-oriented. The above companies are all, privately owned which, distinguish them HSB and MKB.

HSB is a cooperative. It is owned by its members and not obliged to provide for any more profits than necessary to keep the business going. In theory, the investments are made with the members best interests in mind. It is supposed to meet their demand apartments rather than provide with a profit. Thus, if regarding HSB as a collective (the HSB movement) the investments are designate to what is best for the movement. However, what is best for the movement might not always be the best for an individual HSB member. Thus, the will to increase the rents is in a way an investor-oriented urge, form the perspective of the tenant. Looking at it of the perspective from the movement is to meet the movements' aggregate demand to grow, and because HSB is a cooperative, there are no dividends. Thus, HSB's investments are object-oriented.

Until 2011, MKB was managed in a non-profit manner, but since 2011, all public housing companies must generate business-like return. However, MKB's objective is dual – welfare comittments are mixed with requirement to generate a business-like return. Nevertheless, the municipality decided on a dividend of over 20 percent of the profit made in 2013. The dividend can be regarded as money which is transferred between municipal units. However, for this case, when the money leaves MKB without beeing re-invested in the same business and not even the same branch it indicates that MKB make investor-oriented investments.

All companies must consider a potential capital return when they invest. Although, since the companies have different expectations from their owners, the rate of return as well as the time frames for the return differ. The effect of expectations (the rate of return and the time frames) is not something is fully elaborated in this theis but it is likely explain why companies committed to investor-oriented investments act differently.

The effects on the rental market

The effects of the different investments on Malmoe's rental market are possible to analyse in various ways. Although, following Sayer's distinction explained in the theory part, the focus will be on whether or not the investments contribute by adding use-value to the market. A contribution of use-value are in the case of Malmoe, with a deficit of 14 000 homes (Boverket, 2014a p.5), considered to be the addtion new dwellings to the market. More

specific the addition *rental apartments* as the need for them are of considerable importance for young adults (Hyresgästföreningen, 2013a), homeless persons (Persson, 2012) and to the benefit of the regional economy (Magnusson, 2014). Ideally those apartments are also affordable, because Malmö is a price sensitive market (Carlsson 2014; Fransson, 2014).

In the theory section, it was explained how a person can own their income either form the production of use-value services or goods, or form trading with already existing assets. To rent out an apartment is not regarded as the production of service because the rent is a fee or tax that must be paid in order to access privately owned space. The cleaning, maintenance or gardening that is a part of the rent are indeed services, but they do only answer for part of the rent. The rest is profits for the apartment owner (Twaney, 1921 pp.56-70). According to the Swedish Union of Tenants, the average profit per square meter was about 6000 Swedish kronor 2012 for the private landlords in southern Skane (Hyresgästföreningen, 2013 p.5). The exact profit for each of the private companies are available in (Table 1), MKB's profit was 147 million Swedish kronor 2013 (Malmö stad, Stadskontoret, 2014). Although, the rents generate a profit, this profit can be re-invested in generating use-value or used as a dividend for the owners. Use-value investments are in this case made regardless if the companies' investments are investor-oriented (2) or object-oriented (1). Investor-oriented investments can contribute to use-value creation – in this case adding new apartments either through building or additional building. A non-contributing way to earn money is to acquire and develop already existing property for the purpose of generating profits and not adding more homes to the market.

Studying the six companies one by one, MKB (2), HSB (1), Stena (2) and Lifra (2) contribute direct with use-value by adding more apartments to the market. Profits generated by the companies are re-invested in ways that contribute to better Malmö's rental housing problem.

Heimstaden and Willhem invest their profits in developing, acquisition or more property. Thus, their profits do not contribute a direct addition of use-value to the Malmö's rental market. However, indirectly it might, if, for example, one of their purchases makes free capital for someone else, which adds apartments to the market.

Investments affecting the rental market in a potentially negative way are the development-investments aiming to rent-maximize apartments. Those, investments committed by Stena, Willhem and Heimstaden, do not directly add any new apartments. Instead, it transforms affordable dwellings to expensive apartments, not necessary because there is a need for but because there is a demand possible to profit from (Proshaéus, 2014; Sollbe, 2014; Eklöf, 2014).

The thesis looks at the rental sector from the top to the bottom, in order to critically analyse how the objectives of the owners affect the rental-sector in Malmoe. A weakness to the result is the limited insight in objectives of the companies. The interviews targeted the top stakeholders of Malmoe's rental market. Although, for a more accurate top-down perspective the shareholders, owners, national or worldwide Chief Executive Officers would have to be a part of the study. A deeper historical calculation over the owning- and trading history would also be useful in order to distinguish between direct and indirect contributions of use-values. As in some cases buying a house might free money for the seller to invest in new-production.

Another area for further research is how the pension funds are governed. In the 1960s and 70s the pension capital played a significant role for the creation of use-value, in terms of subsidising housing production. Today, Willhem is one of the most profit-seeking actors at the market with no new-production. However, with similar preconditions as MKB (political controlled, one of the largest actors in Sweden) and with considerable resources Willhem should have the possibility to adding apartments to the rental market as well.

CONCLUSION

Sayer's distinction proves useful to problematize objectives behind investments. All companies are investor-oriented (2) with the exception of HSB, which are object-oriented (1). If the investments are object-oriented (1), or investor-oriented (2) plays a minor role in regard to the contribution use-value (defined as adding apartments to the rental market in Malmoe).

- Three out of six companies invest in new production - Stena (2), MKB (2) and HSB (1).
- Three out of six companies invest in adding apartments to the present stock - MKB (2), Lifra (2) and HSB (1).
- Three out of six companies invest rent-maximizing efforts - Stena (2), Willhem (2) and Heimstaden (2)
- Six out of six companies invest in acquisition.

What seems more important is to what extent the companies are investor-oriented (2). The two companies with an outspoken objective to generate the most-comprehensive return on the market do not contribute with any use-value to the rental market. Nevertheless, it requires further research fully understand how the level of investor orientation (2) affect the contribution of use-value the rental market.

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APENDIX

Interview guid

1. Får jag be dig berätta lite om din bakgrund och hur länge du har varit på ...?
2. Hur skulle du beskriva ... som företag, vilka är ni?
 - Hur stora är ni?
 - Hur ägs företaget?
3. Hur skulle du beskriva ... verksamhet i Malmö?
 - Hur stort är ert bestånd?
 - Om ni växer gör ni det genom förvärv eller nybyggnation?
 - Hur många lägenheter har ni rustat upp?
 - Hur har det sett ut över tid?
4. Den produkt ni säljer i Malmö, hur skulle du beskriva den?
 - Var har ni er marknad?
 - I vilka kundsegment ser ni tillväxt potential?
 - Skiljer sig produkten åt i olika städer?
5. Hur skulle du beskriva läget på hyresmarknaden i Malmö?
 - Många politiker ser gärna att marknaden ska se till så det byggs fler hyresrätter. Hur ser ni på att bli tillskrivna detta ansvar?
 - Brist ställt mot efterfrågan?
6. Finns det några hinder för att för att ni ska kunna nå ut med ... produkt till fler?
 - Kan staten göra något för att underlätta för er?
 - Kan kommunen göra något för att underlätta för er?
 - Kan bankerna/era finansörer göra något för att underlätta för er?
 - Är det någonting ni själva kan eller skulle vilja göra?

Innan jag så undrar jag om du har några frågor till mig?
Eller om det är någon fråga du skulle vilja att jag hade ställt?