

Guide to Swedish commercial rents

The regulations that govern real estate in Sweden are stable and efficient. Leases tend to be standardized and cover relatively short periods. The market is transparent and cost-effective, and the overall standard of premises is high.

Invest in Sweden Agency, ISA, attracts and facilitates foreign direct investment in Sweden. Responsible to the Ministry for Foreign Affairs, ISA informs about Swedish advantages and assists foreign companies with facts, advice and contacts when considering setting up business in Sweden. ISA cooperates with a national and international network.

Length of lease

Commercial leases typically cover a term of three to five years, with rents linked to changes in the consumer price index (CPI). Commercial leases are also subject to mandatory regulations stipulated in the Swedish Land Code (*Jordabalken*). Most parties in Sweden therefore use standard contracts for commercial leases. Such contracts consist of a four-page document with single-page appendices relating to index-linked rent and containing a property tax clause.

Payment terms

Rents for premises are generally quoted in Swedish kronor (*SEK*) as a total sum for the space agreed. Rental statistics and comparisons are quoted in SEK per square meter and year. A standard agreement anticipates advance quarterly rental payments. Rent adjustments during the term of the lease are normally based on changes in the Swedish CPI.

Items included in the rent

Leased office space is normally fitted to the tenant's needs (insofar as these are reasonable). Retail and industrial space is provided without fittings. In general, rent includes heating and water but not electricity. Rent also includes cleaning of common areas and snow removal. Property tax is charged on top of the rent.

Day-to-day management and maintenance

The landlord bears the costs of day-to-day management and exterior maintenance, as well as insurance. The tenant is responsible for internal maintenance. Generally, landlords in Sweden are required to bear a larger share of operating costs than in other countries.

Key money and deposits

Key money is rarely charged in the office segment, but is common in the retail segment, particularly in attractive locations. A security deposit or bank guarantee equivalent to between three to six months' rent is common.

Improvements

Construction work in the rented unit may only be undertaken subject to the express approval of the landlord. Such work is generally performed at the tenant's expense and includes an obligation to return the unit to its original state at the expiry of the contract.

Consulting services

Whether you are leasing or buying a property, the process is managed either by a broker or by the client directly. It is advisable to consult a local real estate specialist to help you find and negotiate the best possible rental agreement in respect of factors such as location, rental conditions, size of premises and expansion possibilities.

More information is available in the ISA publication "Real Estate".

Please note that the contents of this fact sheet should be regarded as an overview of current conditions in Sweden. These may change and thereby render descriptions of laws and other frameworks inaccurate. In all individual cases we request that advice always be sought with relevant authorities, organizations and businesses on specific issues.