

Magnolia Bostad and Slättö form JV for developing housing and residential care facilities

The newly formed joint venture (JV) will be developing housing and residential care facilities for long-term ownership and management. In the first phase, the JV company acquires five projects, whereof four from Magnolia Bostad. The JV is expected initially to comprise up to 800 residential units.

The four projects from Magnolia Bostad are located in Örebro, Eskilstuna, Östersund and Luleå. All the properties will be environmentally certified in accordance with the Sweden Green Building standards and several of the projects will be constructed as wooden housing. All residential units will be rental housing, except one residential care facility with around 80 apartments in Östersund which will be rented by Östersund municipality on a long-term contract. The project in Luleå has received a positive decision about investment support (Sw. Investeringstöd) and another project awaits decision. Investment support means that the rent level (Sw. normhyran) amounts to only SEK 1,450 per sq.m.

“We already have a very good collaboration with Slättö. We are now taking this a step further through a jointly owned company that will develop attractive housing and residential care facilities with a clear, sustainable profile in Swedish growth areas,” says Fredrik Lidjan, CEO of Magnolia Bostad.

The JV, which is owned 50/50 will gradually take over the projects when building permits and certain other conditions are fulfilled. A majority of the projects will be completed gradually over the period 2021-2022. Magnolia Bostad will have the main responsibility for developing and running the projects and will receive ongoing remuneration for this.

The ambition with the JV is that it will make further acquisitions over time.

Wigge & Partners has been the legal advisor to Magnolia Bostad.

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