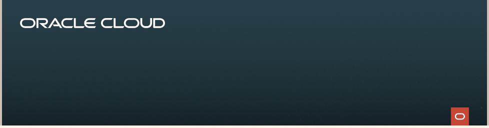

European prime property Added

Foreign buyers eye up Sweden's secluded island sanctuaries

As house prices fall, it is easier for holiday home buyers to share in the country's natural bounty

The Stockholm archipelago, on the Baltic Sea, is pricier than its west coast equivalent, the Gothenburg archipelago © RicoK/Alamy

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Zoe Dare Hall YESTERDAY 18

From his waterfront house on Lidingö, an affluent island that lies a short commute by road, tram or ferry from central Stockholm, entrepreneur Konrad Bergström describes the expansive views over the archipelago — the sunrises and sunsets, lush green summers and icy winters. "It's a constant reminder of the beauty of nature in all its forms," says Bergström, founder of electric boat manufacturer X Shore and tech giant Zound Industries (now Marshall Group).

Bergström bought his house for $1mn in 2010, spent a further few million redesigning it to his tastes, "with no straight lines — the architecture flows with the landscape", he says, and now estimates it is worth at least twice his investment. "But to me it's worth much more than money. It's a sanctuary where I retreat to recharge and revitalise," says Bergström, who also owns a secluded retreat, Chateau Mountainztream in the Tänndalen ski area, which sleeps 25. He rents it out from SKr15,000 ($1,372) a night.

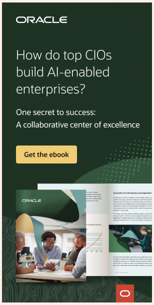
For many Swedes, the love of remote wilderness is a fundamental part of their lifestyle. There is a word for it, *Allemansrätt,* an unwritten law that gives Swedes the right to roam freely — providing it's responsibly — in nature. "It's part of the mentality we all grow up with. There are no private beaches or forests. We all share it," says Fredrik Eklund, the founder of ESNY estate agency in Stockholm.

And with some 267,000 islands at their disposal — ranging from tiny, uninhabited rocky outcrops to the largest island, Gotland, which spans more than 3,000 sq km and has around 60,000 inhabitants — there are plenty of places to find a secluded paradise.

The medieval city of Visby, on Sweden's largest island Gotland © Europe/Alamy

There is greater competition for the most sought-after island homes, however — or indeed entire islands — due to rising demand from foreign buyers. Knight Frank calculates that foreign ownership of second homes in Sweden — excluding among Danes, Norwegians and Germans, whose relative proximity means they have always been keen investors — rose by 6.3 per cent in 2022 compared with before the pandemic.

"Sweden always used to be a bit of a blind spot on the map for foreign buyers.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It was either work or a spouse that brought them here. But that is changing," says Niklas Berntzon, co-founding partner at ESNY. "We are seeing more foreign money coming in from the US and Europe, and also from China. They go far up north for clean air."

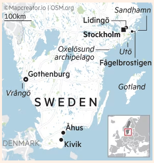
The "plummeting krona" has helped to whet foreigners' appetite in Sweden, adds Berntzon. At its lowest, in mid-2023, the krona had lost about 20 per cent of its value against the euro and dollar since late 2021.

While cities are now faring better, across Sweden house prices fell by an average of 6.3 per cent last year, according to Statistics Sweden. They currently sit 13 per cent below their Q2 2022 peak. Holiday homes are down 4.7 per cent in the past year, with an average price of SKr2.183mn ($199,550).

The windier, rockier Gothenburg archipelago in the west © Lars Nilseng/Alamy

Rising mortgage costs — the average mortgage rate was 4.05 per cent as of January — have also deterred many domestic buyers, providing an opportunity for foreign buyers, particularly those with cash, says Johan Linde, head of international residential at Croisette estate agency, a Knight Frank affiliate.

Investment opportunity isn't the whole story, though. The desire among global buyers to seek out remote sanctuaries is a further draw for the country ranked by US News as having the best quality of life in the world. "There's a new perception of luxury as being away from it all and away from the uncertainty, and that's drawing foreign money to Swedish real estate," says Eklund.



Foreign house-hunters want Sweden's "trophies", he adds. "They are buying the most exclusive property on the islands costing $5mn-plus. They want to hunt elk and moose, fire up their sauna with pine wood so that it smells good, and they want a very Swedish-looking house on the outside — the classic red wood cottage with white corners — but modern interiors."

Then their tastes diverge; they either want a private island within easy reach of Stockholm, he says, "or they will pay good money for a place that doesn't have electricity or where you have to walk over ice to reach it because it's frozen in winter. They love the remoteness."

Many of the best island properties rarely come on the market, points out Linde, "as they are passed down through the generations". But when private islands do come up for sale, they aren't always as prohibitively priced as foreign buyers might expect. Myrholmen, a tiny 0.1-acre outcrop in south-eastern Sweden, two hours by car from Stockholm, comes with four basic huts and a rowing boat included in its €180,000 asking price.

Utö, a small island in the Stockholm archipelago © Frank Chmura/Alamy

Due to its proximity to the capital, the Stockholm archipelago, on the Baltic Sea, is generally pricier than its west coast equivalent, the Gothenburg archipelago. "It's like the Hamptons," says Berntzon of the capital's island playgrounds, and he paints a Gatsby-like picture of the lifestyle on offer — sailing regattas and restaurants in Sandhamn, "where you can just drop in by helicopter for a drink", golf on Fågelbrostigen, whose golf course is owned by

H&M's billionaire founder Stefan Persson. "It's just 45 minutes from Stockholm and it's quite cheap to buy your golf condo here and socialise with the right crowd."

Alternatively, there's the warmer, windier, rockier Gothenburg archipelago, whose draws include Vrångö island, with a year-round population of 380 that regularly swells with weekending and holidaying Gothenburgers. A 150 sq m to 200 sq m house, depending on its condition and location, costs around SKr5mn-SKr7.5mn.

"Transport is subsidised, so getting here [via public transport] from central Gothenburg costs only SKr35 and takes about 60-70 minutes," says Hakan Karlsten, who owns Kajkanten, a harbour-front hotel. "All you hear is boats, gulls and some locals chatting. The city with its traffic and noise seems so far away," he says. "We have a rich community life and spend a lot of time with each other. No one needs to be alone, and everyone helps each other, even if we are not best friends."

Though Vrångö sees plenty of international tourists all year round, few foreigners buy holiday homes there, says Karlsten. "We are constantly trying to attract more people to move here full-time, not just for summer, so we can keep our little island and its businesses alive," he says.

The fishing village of Åhus © Danita Delimont/Alamy

Besides its archipelagos, Sweden also has its Riviera, its southernmost coastline that takes in a sweep of picturesque fishing villages such as Åhus, Vitemölla and Kivik. "They were once poor communities and are now among the most desirable places to own a holiday home — mostly among city people from Stockholm," says Eva Hansen Lindstrom, 60, an art director who, with her husband Kristian, 67, made their holiday home in the rural village of Vranarp, 8.5km from the picturesque coastal village of Simrishamn, their permanent residence after the pandemic. They rent out one of their properties on Airbnb and have a small vineyard, "mostly for pleasure", she adds.

The cold, wet winters can be a challenge — "Our farm is from 1856 and the wind blows right through it," says Lindstrom — but the beauty of the countryside and nearby deserted white sand beaches more than make up for it, she says.

Nature is fundamental to the Swedish way of life. Now foreign buyers are starting to latch on.

At a glance

- There are no restrictions on foreign ownership in Sweden. Non-resident buyers pay 1.5 per cent purchase costs (if cash buyer) and 3.5 per cent if using finance. There is no inheritance tax or wealth tax in Sweden.
- Swedish estate agents must have a two-year university qualification so they can handle the entire house-buying process, including conveyancing.
- The Greater Stockholm average, based on sale prices, is SKr6.9mn and in Gothenburg it's SKr5.492mn in April 2024.
- Prices fell by 6.3 per cent in 2023 (11.24 per cent when adjusted for inflation) — the biggest decrease since 1993 and a stark contrast to year-on-year increases of nearly 16 per cent in 2021 and 10.3 per cent in 2020, according to Statistics Sweden.
- The greatest number of foreign-owned holiday homes can be found in Småland and the islands — a total of 9,580 units, which accounts for 25 per cent of all homes in that region (Statistics Sweden).
- Norwegians and Germans account for the largest number of foreign-owned holiday homes in Sweden at 32.5 per cent and 28 per cent. Danish owners account for 26 per cent (Statistics Sweden).

On the market

Cottage, Jogersö-Bergö, SKr4.45mn

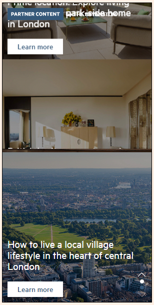
A 77 sq m cottage in Jogersö-Bergö, part of the Oxelösund archipelago 120km south of Stockholm. Built in the 1950s, the traditional timber property comes with two other small, simple residential buildings. For sale with Croisette, an affiliate of Knight Frank.

House, Lisö, SKr27mn

A lakeside house designed by Swedish architect Hans Asplund in the mid-20th century and later extended. It's on the southern tip of the Lisö pensinsula, about 50km south of Stockholm, and comes with a separate three-bedroom cabin. Available through Skeppsholmen Sotheby's International Realty.

House, Särön, €6.4mn

A 287 sq m house with a private jetty on Särön island, about 20 minutes from Gothenburg on the west coast. The property was built in 1909 and completely renovated in 2016, with facilities including an indoor pool and sauna. On the market with ESNY.



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