

# Young people and newly arrived migrants - The future of rural areas in the Nordic Region!

Stockholm, November 2016



#### 2012 - Main resources that we lack in Tranøy:

- people, and specially young and qualified people, due to:
  - lack of attractive housing offer.
    - high cost of building + lack of <u>capital</u> + lack financing TV = 50
  - demographic trends.<sup>⊤</sup>
  - educational offer for young people.
  - high quality infrastructure (transport and IT).

## Mitigating resources and actions:

- *Financing programmes by the National Housing Bank.*
- Migrants (refugees) through cooperation with the Immigration Department.
- International investors, albeit to some lesser extent due to relatively high entry-barriers.
- Cooperation between private businesses and educational institutions: outplacements and/or new branches.



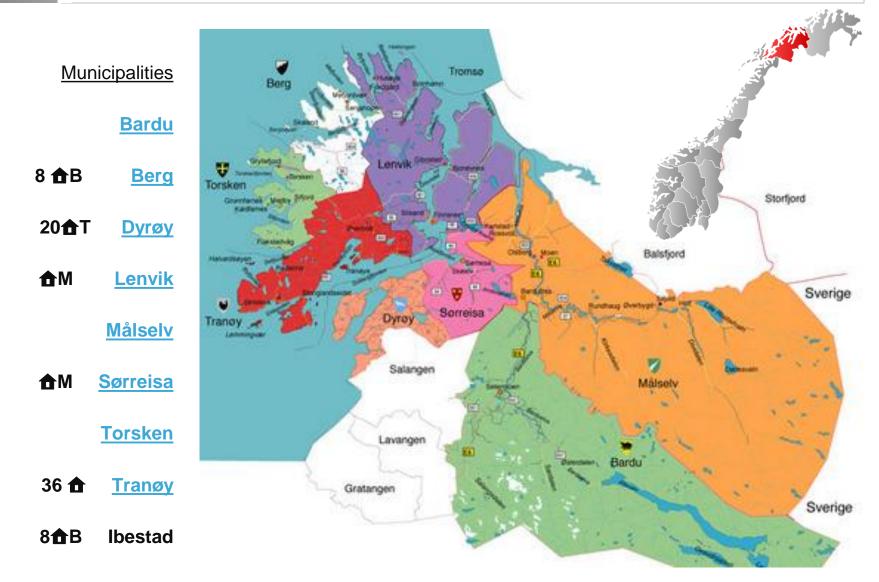














#### SAFE Group AS, primary activity:

#### Social Housing projects for refugees and young people

<u>Rental phase</u>	
2013-14	20-flats development (2-bed) in Stonglandseidet, Tranøy
2015-16	16-flats development (3-bed) in Vangsvik, Tranøy
<u>Building phase</u>	
2016-17	8-flats development (3-bed) in Skaland, Berg
2016-17	8-flats development (3-bed) in Hamnvik, Ibestad
<u>Pipeline</u>	
2017	New project: 4 flats (1-bed) in Stonglandseidet, Tranøy
2017	Delivered offer for building 20 flats in Brøstadbotn,
Dyrøy	
2018	Marketing projects in Sørreisa and Lenvik

#### Develop & manage residential properties: the creation of an attractive and diversified rental offer



#### Social Housing projects for refugees and young people

#### Main challenge in Norway: unfavourable taxation

<u>Rental phase</u> No allowance for depreciation of buildings, not even 60-year linear depreciation.

#### Construction phase

25% VAT a net cost of building, due to exclusion of these projects from the "merverdiavgiftskompensasjon både for boliger med helseformål, og for boliger med <u>sosiale formål".</u> This is currently under review.

These creates cash-flow tensions in the rental and construction phase and negatively discriminates residential vs. commercial build-to-let real estate developments.



#### Secondary activity:

#### **Capital attraction**

**2012 - Brokered a MNOK 22 investment for NORD II IS**, a Tromsøbased PE fund focused on investments in Northern Norway, between Nord Kapitalforvaltning AS and Geroa Pentsioak EPSV, a Spanish Pension fund. Geroa holds 5.11% of the fund shares.

#### People-keeping via job creation (tertiarization) New services to corporations and private clients

<u>2015 - Cleaning services</u>: SAFE-R AS, is the sole authorised cleaning company in Tranøy municipality.

<u>2017-18: Tourism and travel-related services</u>: We currently work on two projects:

- a restaurant and catering business
- a tourist inn in cooperation with private and public agents



#### SAFE Group's long-term goal: turning demographics around

- progressive <u>tertiarization</u> of the local economy will lead to increased population homeostatic level (carrying capacity)
- progressive <u>spezialization</u> of the working population will lead to increased productivity
- Increased populations should lead to incremental support from central and regional governments: <u>infrastructure</u> creation, maintenance and upgrading.



#### First Year at Stonglandet skole:

#### Before 1st housing development (Sep-2011)





After start of rental phase (Sep-2014)



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