

Overview of the Leasing Process – Sweden

Regulated by law but also reflecting general practice:

- Retail lease – Lease agreements are normally entered into for fixed periods with a right to renewal. The most common agreement period is 3 years with a period of notice of nine months. Nine months is also the shortest period of notice for rental periods exceeding nine months unless the parties have agreed otherwise. A shorter period of notice than nine months can not be claimed to by the landlord.
- Security deposit is normal – The amounts vary. Usually prepay in respect of the first month's rent. Landlords often require guarantees if the tenant is not strong financially.
- Space conveyed shall have an acceptable standard in respect of its usage purpose unless agreed otherwise. However, this does not mean the space shall be built-out for the tenant's specific business, but merely that the space shall have an objectively acceptable standard.
- If a specific interior et cetera is required, the landlord and the tenant sometimes agree that the landlord will pay all or part of the build-out. Such extra costs for the landlord are normally built into the rental amounts for the tenant.
- Rents are expressed in lease as an annual total, and usually payable in advance for either 1 month or on a quarterly basis. The rent must be set in the agreement. Rent may however also be expressed as a base amount, plus a percentage of the tenant's turnover or a flat percentage of the tenant's turnover with a minimum rent. Rent may also be fixed and is always (almost) accompanied by a yearly upward adjustment in accordance with a set index (e.g. consumer price index KPI).
- In addition to paying base rent, the tenant are sometimes obliged to pay insurance, property taxes and common area maintenance charges applicable to the space (as well as for utilities).
- Tenants in malls (or shopping districts) often must (almost always) pay marketing fees to the landlord to be used to promote shopping. Also, the tenant often must (almost always) be a member of the equivalent to a marketing coop for the mall (or shopping district).
- Landlords may or may not require financial statement reporting.
- Law prohibits assignments or subleases without the landlord's approval.

- Leases often limit use of the space to the business carried on by tenant when lease is signed (“use clause”).