

Why Copenhagen Is Unexplored Safe Haven For Investment

Friday 11 December, 2015

Related Sectors:

Construction & Property ::

Scan Me:



Young Anglo-Danish company Nectar Asset Management helps UK investors to buy in Denmark and vice versa. Charles Sherratt-Davies from the company explains why capital city Copenhagen is a hidden gem

Copenhagen has ranked highly in international surveys for its quality of life for many years. Its stable economy, great schools and safety make it attractive for locals and visitors alike. Although it is one of the world's most expensive cities, it is also one of the most liveable with excellent public transport, a world class cycle network and strong environmental policies.

Copenhagen's population of over 1.2 million has been growing rapidly over the last decade. There are currently a net 1,000 people per month being added to the population. By 2025 the population is expected to grow by 18%. And most importantly for BTL investors, there is a 0% vacancy rate in the city.

Denmark has some of the lowest property transaction taxes in Europe, with Stamp Duty Land Tax being just 0.6% of the purchase price (with no upper limit).

The country also has some of the cheapest buy to let mortgages in Europe, with a typical 80% LTV mortgage having interest of just 1% at present. Debt can be fixed for up to 30 years. A 30 year mortgage at 80% and fixed for the entire term will be approx 3%. Yields are between 3.5% and 4.5% for prime located residential property.

There is a high proficiency of English and there are usually no language difficulties.

Non-Danish residents cannot own real estate directly and will have to set up a local Limited Partnership or Ltd company which will then own the asset. Corporation tax is 22% in Denmark. There is also a double taxation agreement between the UK and Denmark meaning that any tax paid in Denmark can be offset against any UK tax payable. The landlord will also have to pay property tax ("Property Value Tax" and "Land Tax"), equal to approx 1% of the taxable value of the property (the official taxable values are usually much lower than the market value).

If you buy a flat then the landlord will have to pay service charge and insurance (as per the UK) and the tenant pays for all utilities. The landlord pays Property Value Tax and Land Tax. The Danish partnership/ltd company will have to submit annual accounts in Denmark which will be £500-£700.

Usually lease contracts are non-terminable by the landlord unless there has been a breach of the lease (e.g. non payment of rent). Tenants are usually required to pay 3 months pre-paid rent, and 3 months deposit. Rents can be increased in line with the Consumer Price Index. In older buildings, rents are regulated by the local council and there is a maximum ceiling that a landlord can charge in rent (£140-£180 per sqm per year depending on the condition of the property). The ceiling is increased each year. For newer buildings there is no regulation of the rents.

Company Contact:

—

Pressat Wire

E. [support\[\]@pressat.co.uk](mailto:support[]@pressat.co.uk)

View Online

Newsroom: Visit our Newsroom for all the latest stories:

<https://www.wire.pressat.co.uk>