

## Real Estate Strategic Outlook: Nordics

### Growth will be uneven across the region

#### Clear regional and national divergences in growth outlook

Sweden and Denmark appear positioned for potential outperformance over the next five years, supported by expansionary budgets and stronger private consumption. Stockholm and Copenhagen stand out, benefitting from a concentration of high-productivity firms attracting a young, skilled workforce. In the 2025 European Innovation Scoreboard, Stockholm ranked first and Copenhagen second among 245 regions.<sup>1</sup>

In contrast, Finland, constrained by elevated public debt and Norway, with its tighter monetary policy, are expected to underperform.

### 2025: A turning point for Nordic real estate

#### Rebound in sentiment and investment activity

Investment activity rebounded strongly in 2025, outpacing improvements elsewhere in Europe. In an increasingly volatile environment, the Nordics stand out as relatively stable for real estate capital. Investor sentiment has strengthened, particularly in residential and logistics where the region compares favourably against other European markets.

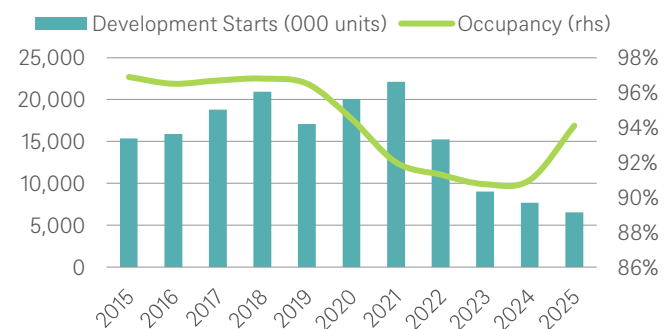
Pricing trends diverged over the year. Prime office yields moved out slightly, while residential yields compressed across all markets, reflecting strong investor appetite. Looking ahead, we expect gradual yield compression across all sectors over the next five years. However, performance will increasingly depend on rental growth going forward, with in-demand, supply-constrained markets delivering stronger returns.

#### Residential: Copenhagen expensive, Helsinki one to watch

Copenhagen remains a key target, supported by persistent supply-demand imbalances driving above average rent growth. However, strong investment has compressed yields sharply, making stabilised schemes less viable. Forward funding structures may provide a way to overcome pricing barriers, with risks potentially well-mitigated given market strength. We favour mid-market product in well-connected commuter locations, such as Brøndby and Glostrup, which may benefit from relative rental affordability.

Helsinki, challenged by oversupply in recent years, has seen development fall sharply and occupancy begin to recover. Near-term rent growth is likely to remain modest, but the city is expected to outperform longer term, as rents catch up with income growth. Attractive pricing relative to other Nordic cities should support yield compression. However, careful location selection is critical, given persistent vacancy in some submarkets, particularly around Espoo.

#### Helsinki Metropolitan Area: Residential Supply



Source: Statistics Finland, Green Street, November 2025

#### Logistics: Urban and Last Hour logistics remain the key focus

Copenhagen is forecasted to potentially deliver above-average rent growth, supported by a strong consumer outlook and low vacancy. Longer term, the 2029 opening of the Fehmarnbelt tunnel will enhance connectivity with Germany, further supporting logistics demand. Stockholm's elevated vacancy is beginning to ease, and a constrained development pipeline combined with a robust economic backdrop, should support stronger rent growth over the medium-term.

#### Office: Fundamentals sound, but pricing weighs on returns

Stockholm and Copenhagen's office markets are underpinned by strong demand drivers and limited Grade A supply, which should support robust rental growth over the medium term. However, more moderate price correction over 2022 and 2023 have left prime yields well below the European average, and current pricing leaves little room for compression. By contrast, Helsinki, currently offers more attractive pricing and anticipated yield compression may support stronger returns. That said, risks remain elevated, with high vacancy, subdued demand, and a weaker economic outlook likely to constrain rental growth over the forecast period.

<sup>1</sup> European Innovation Scoreboard, July 2025

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