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SPOTLIGHT

NORDICS INVESTMENT OUTLOOK

Commercial – Nordics Investment – Autumn 2026

RESEARCH

Favourable Nordics macro fundamentals driving growth



Mike Barnes
European Research Director

Key takeaways

- The Nordics' resilient export markets, strong fiscal packages, favourable demographics and resilient energy security position the region to outperform Europe from an economic growth standpoint.
- Rising NATO spending and ecommerce spend is supporting **logistics** demand across the Nordics.
- Digital and physical infrastructure investments are opening up new **data centre** and mixed-use investment opportunities across the region.
- Innovation and rising AI adoption among businesses are boosting productivity and employment growth, creating net additional one million sq m of **office** demand across the Nordics over the next five years.
- The Nordics' strong consumer fundamentals, high household savings ratios and robust prime yields position the **retail** sector as a defensive investment opportunity.
- Savills anticipates Nordics **investment** volumes to increase by 20% YoY in 2026, above the European average of +7%, marking the strongest year of investment activity since 2022.
- By end 2027, we expect investment volumes to reach €50bn, 10% above the pre pandemic average.

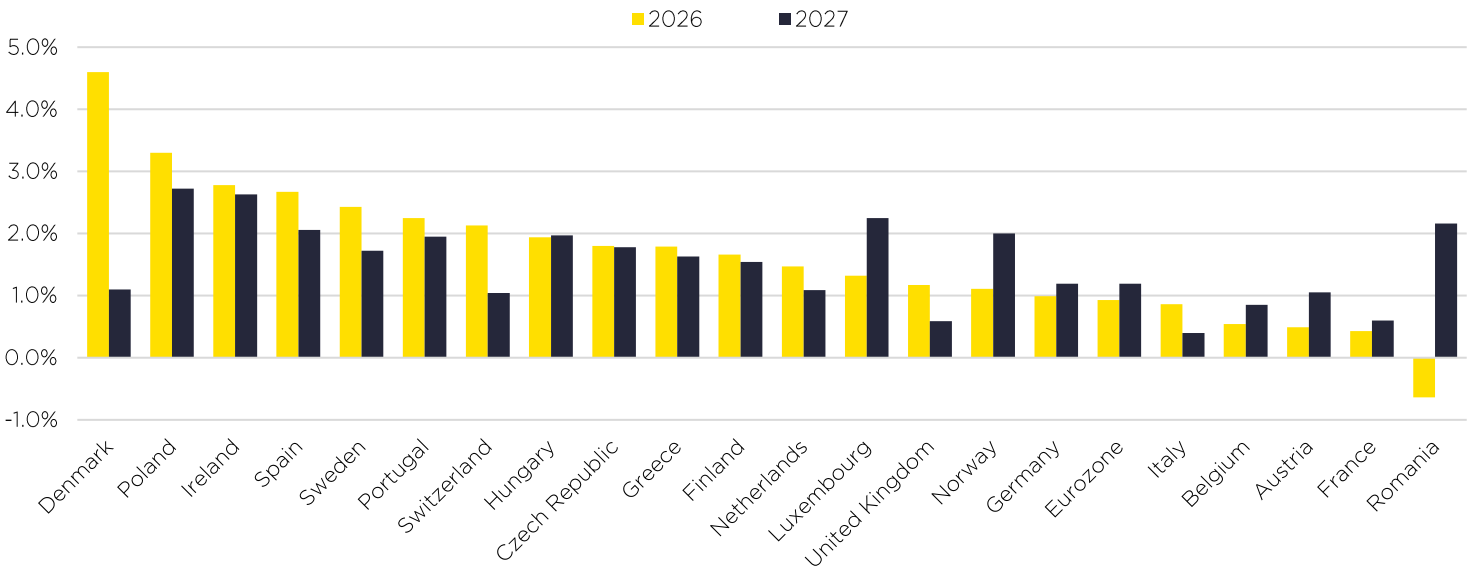
Despite elevated global geopolitical risk, trade uncertainty and higher energy prices, the Nordics region benefits from solid domestic fundamentals. Strong demographics, healthy public finances and a resilient energy mix favourably position the region to outperform the European economy over the next couple of years.

Norway (1.6% pa), Sweden (2.1% pa), Finland (1.6% pa) and Denmark (2.9% pa) are expected to outperform average Eurozone (1.1% pa) GDP growth rates over the 2026-27 period. Strong demographics in the shape of a young, educated and growing workforce across the major cities support the supply side of the economy. Digital adoption is among the highest in Europe, with high levels of innovation leading to the highest number of startups per head on the continent. Nordics headquartered companies have raised over €50bn of venture capital investment over the last five years, helping the region to lead in sectors including pharmaceutical, software, healthcare and engineering.

Expansionary fiscal policy in Sweden, Norway and Denmark is also supporting growth across the Nordics. These economies benefit from among the lowest government debt to GDP ratios across Europe, enabling more wiggle room to provide government support in response to the energy shock, and keeping a lid on sovereign bond yields.

The US/Iran conflict spiked oil and gas prices, raising European inflation expectations, although the Nordics is expected to be more sheltered, given its low energy import dependence. Sweden, Denmark and Finland are expected to record inflation below the European average, although Norway still faces higher inflation, given rising wage costs and a weaker Krone feeding into higher import costs.

European GDP growth by country (% pa)



Source: Oxford Economics

Office opportunities return to the fore



Mike Barnes
European Research Director

Nordics offices remain a resilient investment proposition, although investors remain sensitive to location, building quality and hybrid working trends. Demand for prime, centrally-located stock remains strong.

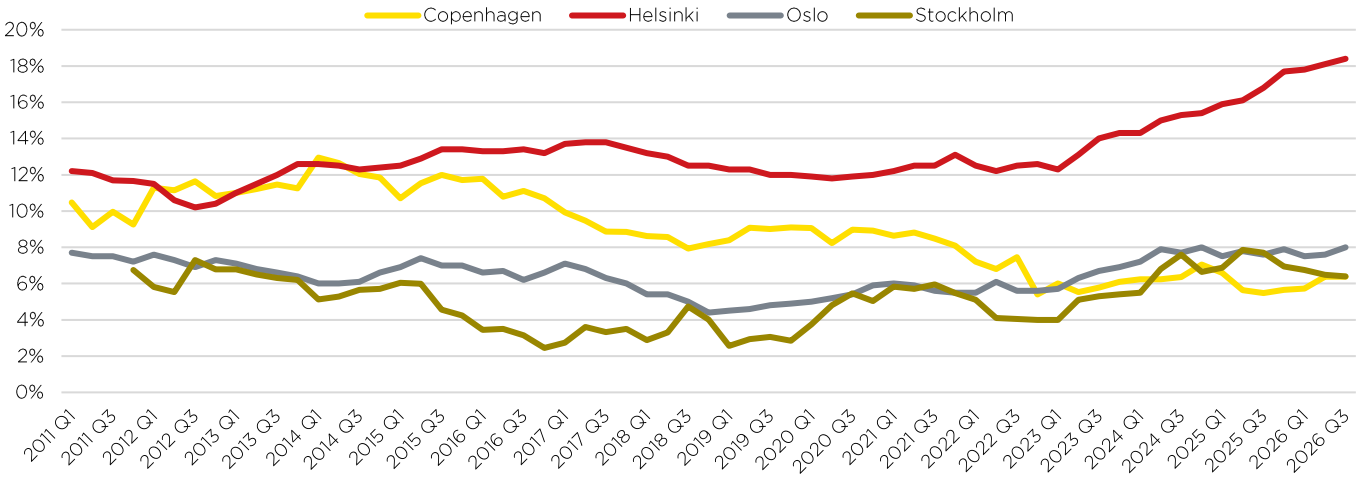
Remote working ratios across the Nordics have diverged since 2019, according to Eurostat data. Denmark and Norway's office attendance has recovered in line with pre-pandemic norms, supporting demand for high-quality, well-located space. Despite a small increase in Sweden, vacancy rates remain comparatively low in Stockholm at 6.4%. Finland, on the other hand, continues to grapple with higher levels of remote working, which has contributed to Helsinki's vacancy rate rising above 18%. A selection of local developers are analysing viability for change of use of older office stock located in the periphery of the Finnish capital, given the rising demand for residential accommodation.

Headline vacancy rates do not tell the whole story, however. Occupiers continue to compete for modern, energy efficient and centrally-located space, which is applying upward pressure on prime rents amid low levels of new office development. For example, Helsinki's prime CBD rents have risen by 33% over the last five years, the highest of the major Nordics cities.

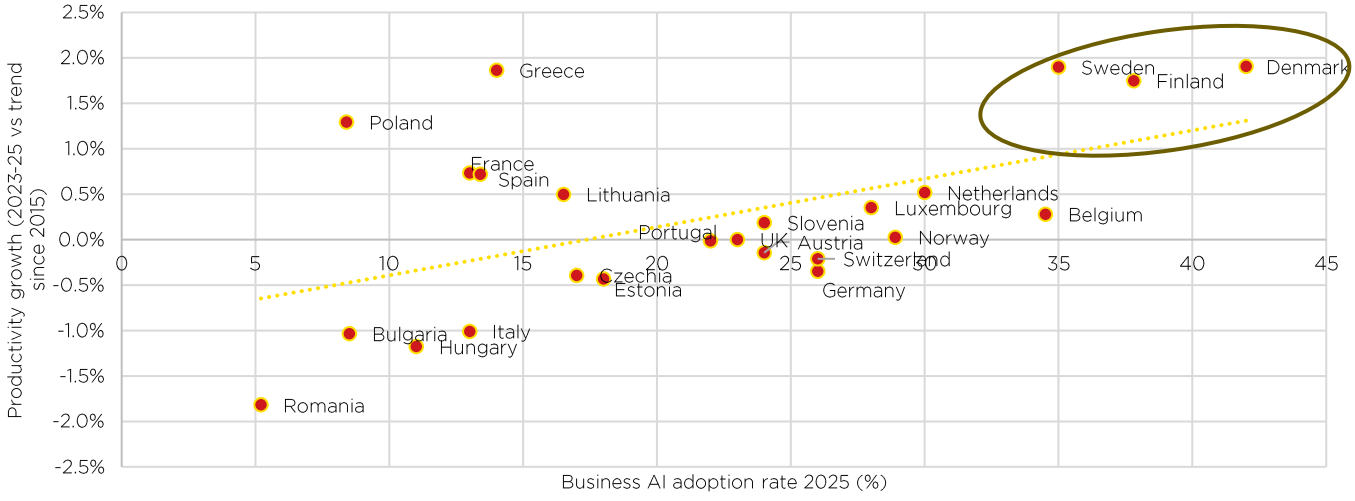
Copenhagen has one of the lowest vacancy rates in Europe, amid an undersupplied development pipeline. Prime rents in the Danish capital remain cheap on a pan-European basis, however, partly due to the city's uniquely decentralised office market, rather than relying on a traditional CBD model.

Nordics businesses are also Europe's most active adopters of AI, which has helped to deliver the strongest productivity growth across Western European economies, relative to trend levels. A strong skills base, innovative ecosystems and strong AI infrastructure also position the region favourably. This is expected to create office-based employment growth across the Nordics' major cities, averaging 1.3% pa over the next five years, over double the Eurozone average of 0.5% pa, according to Oxford Economics. This reflects a total of 108,000 net additional jobs, creating demand for over one million sq m of office space.

Office vacancy rate by city (%)



Higher business AI adoption rates are supporting above-trend productivity growth across the Nordics



Source: Eurostat, Savills

Structural drivers supporting Nordics logistics demand



Mike Barnes
European Research Director

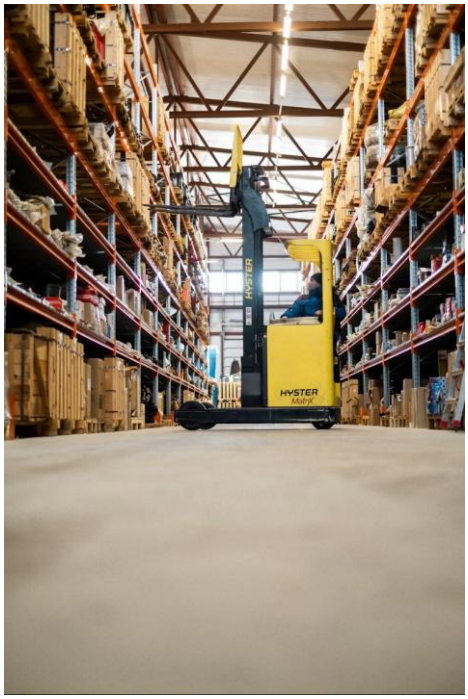
Defence spending, ecommerce and supply chain resilience are driving logistics occupier demand across the Nordics.

Rising defence spending targets from NATO are fuelling new demand for defence-related logistics space across the Nordics. Finland and Sweden joined NATO in 2023 and 2024 respectively, following Russia's invasion of Ukraine, joining two of the founding members - Denmark and Norway. Using NATO's proposed defence spending targets of 3.5% of GDP for all member states, Savills forecasts an additional 37 million sq m of defence-related logistics demand across Europe by 2032, with Sweden accounting for an increased 1.4m sq m of demand during this period.

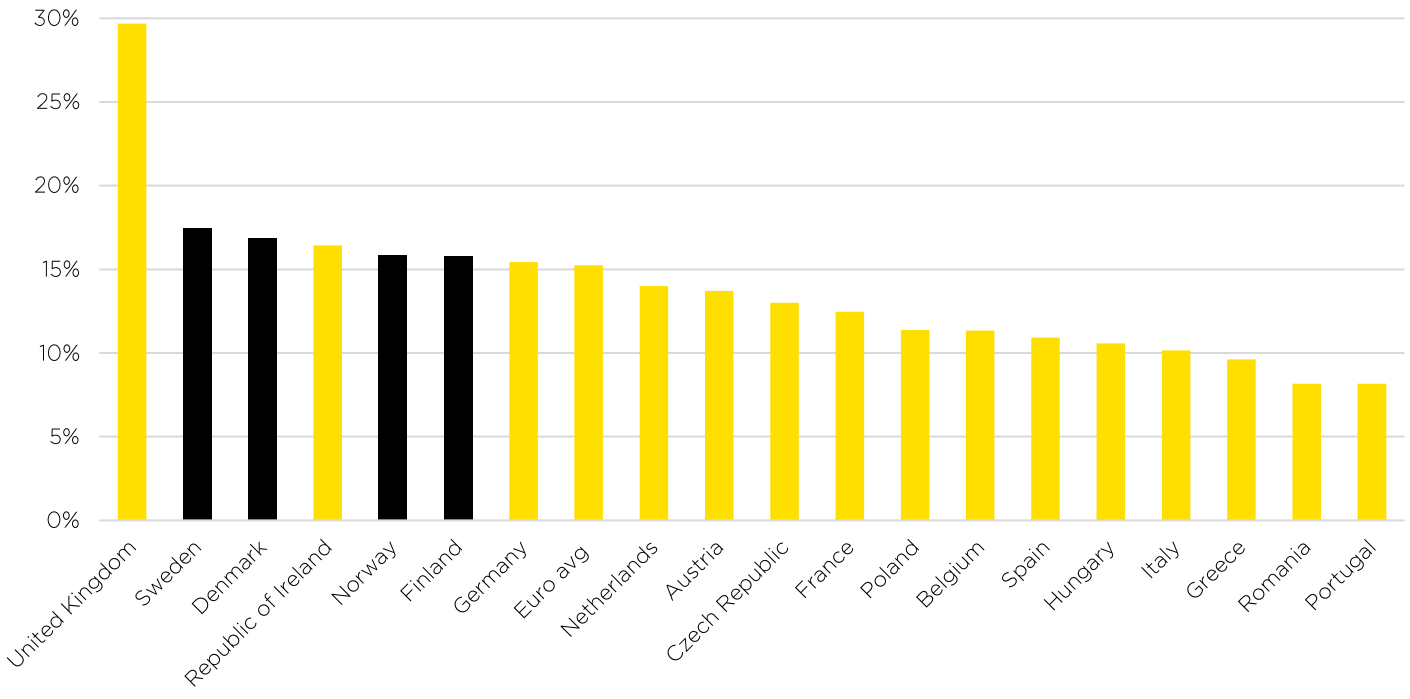
Ecommerce growth is also driving demand in the region, with the Nordics' average ecommerce penetration rate expected to rise from 15% in 2025, to 16% in 2030, behind only the UK. High digital adoption and resilient consumer dynamics are expected to drive above-average online retail sales growth over the next five years, supporting new demand for logistics space across the region.

Thriving export markets have also created new demand for logistics space. Over the last five years, Denmark (+5.8% pa), Sweden (+3.8% pa) and Norway's (+3.7% pa) export growth have outperformed the Eurozone average (+1.8% pa). In response to higher tariffs and trade disruption, businesses are also diversifying their supply chains, supporting demand for logistics space in the region.

This is all against a backdrop of low logistics vacancy rates across the Nordics (particularly Oslo at 5.1% and Copenhagen at 4.5%). Following previously high levels of speculative development in Sweden, the pipeline now remains thin, stabilising the vacancy rate at circa 8%. Tight planning and land constraints will keep a lid on the future pipeline, along with rising competition for land from the data centre sector, which will support upward pressure on prime logistics rents.



Online retail sales as a percentage of total, by country, 2030 forecast (%)



Source: Statista

Solid consumer demand underpins retail and hotel markets



Mike Barnes
European Research Director

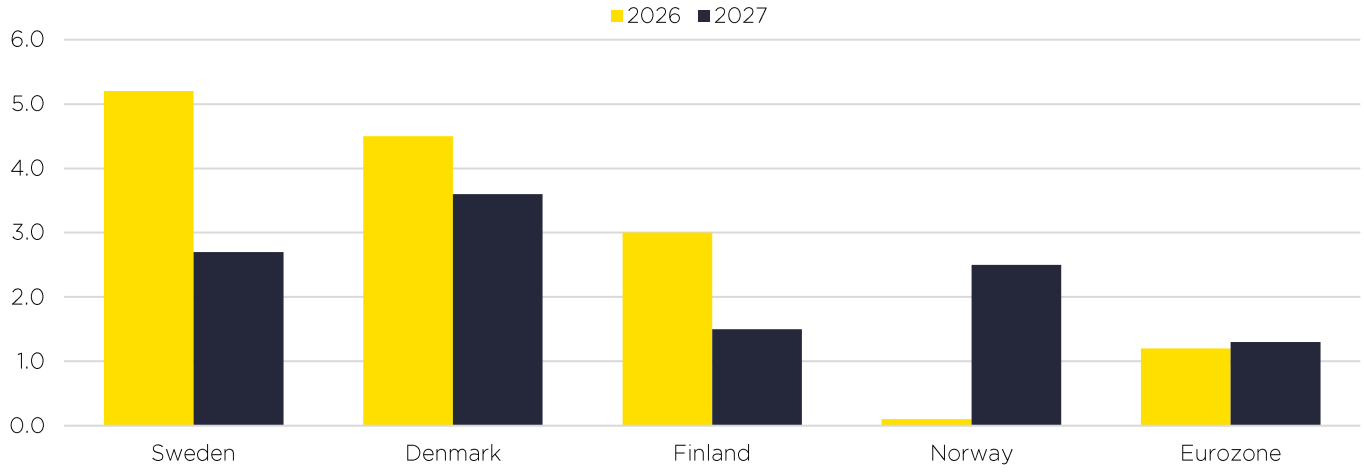
The Nordics' strong consumer fundamentals, high household savings ratios and robust prime yields position the retail sector as a defensive investment opportunity. Through 2026-27, the Nordics is expected to record real retail sales growth above the Eurozone average, supporting retailer demand.

Shopping centres hold an important position as community hubs within Scandinavian culture due to colder winters, justifying almost double the European average provision of floorspace per head. These centres, often food-anchored, fulfil both the traditional high street roles of daily footfall and services, along with the out-of-town roles of destination retail. Vacancy rates remain stable, or on a downward trend across the region, maintaining headline rental tone.

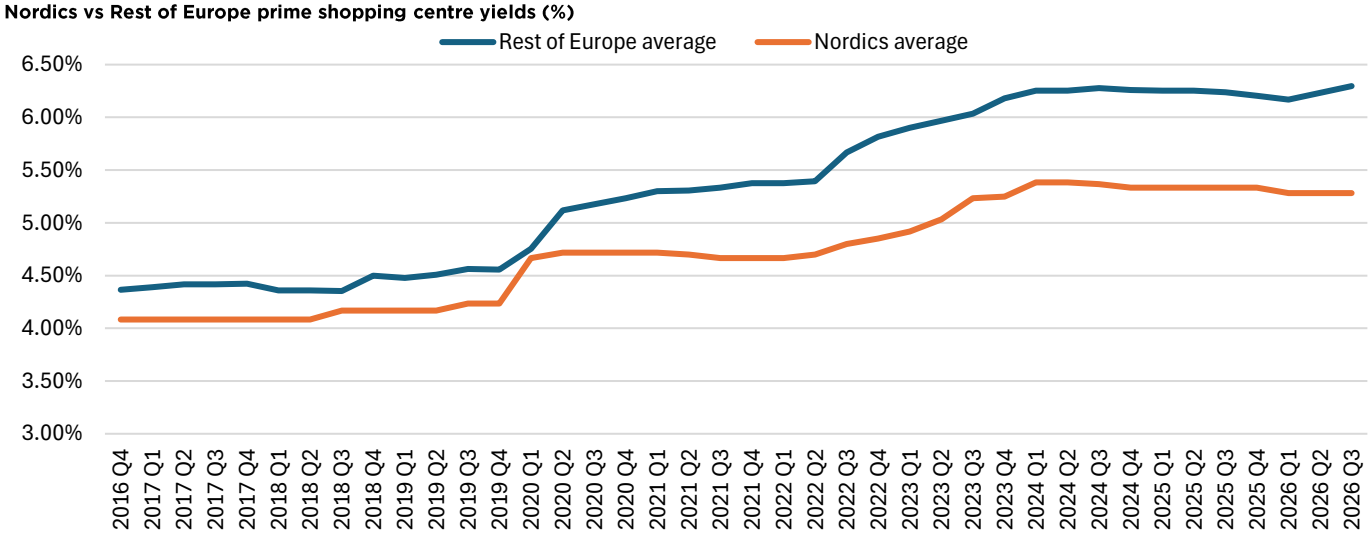
Given the solid fundamentals, retail investment volumes across the region reached €4bn during Q1-Q3 2026, marking a 28% increase against the five-year average. Nordics shopping centre yields have held up more resiliently than other European regions, with the average prime yield spread between Nordics and the rest of Europe shopping centres rising from 30 bps to 100 bps since the pandemic.

Both retail and hospitality demand have been supported by the post-pandemic rebound in tourism, alongside the region's emergence as a "coolcation" destination. Weaker Norwegian and Swedish currencies have supported inbound tourism while also reducing the propensity for domestic consumers to travel abroad. Savills analysis indicates that RevPAR increased across Copenhagen (+13.2%), Oslo (+8.3%) and Stockholm (+9.0%) YoY, marking some of the fastest growth in Europe. Interestingly, this growth is coming from both occupancy and average daily rate (ADR). Nordics capitals are reporting increased demand which is allowing for continued ADR increases. In Norway, although the projected hotel pipeline includes approximately 1,000 new rooms in 2026 and 1,500 in 2027, we expect this additional supply to be absorbed within the respective periods, supported by sustained demand growth and solid occupancy fundamentals.

Nordics retail sales growth (% pa)



Nordics vs Rest of Europe prime shopping centre yields (%)



Source: Savills, Oxford Economics

Infrastructure-led growth unlocks investment opportunities



Lydia Brissy
European Research Director

Physical infrastructure improvements
Sweden, Norway, Denmark and Finland collectively all feature within the top ten countries globally for infrastructure, but the region continues to invest. For example, the Fehmarnbelt Tunnel, an 18km immersed road and rail tunnel beneath the Baltic Sea, will connect Denmark and Germany and is set for completion in 2030. The tunnel is expected to halve travel time from Hamburg to Copenhagen to 2.5 hours, reduce overall carbon emissions and improve links with the rest of Europe, opening new logistics opportunities for investors.

The Danish capital is also currently developing a 275-hectare artificial peninsula, *Lynetteholm*, in Copenhagen Harbor. The island will house 35,000 people and protect the port from rising sea levels, connected via ring roads, tunnels and a metro line upon its completion by 2070, creating new office and residential opportunities over a phased delivery.

Digital infrastructure driving data centre opportunities
The Nordics data centre market has evolved from a niche location for cost-conscious cloud deployments into one of Europe's most strategically important digital infrastructure regions. While London, Frankfurt, Amsterdam, Paris and Dublin continue to dominate in terms of live power capacity and customer concentration, the Nordics are increasingly attracting AI infrastructure providers and hyperscalers, seeking abundant renewable energy, competitive electricity prices, political stability and the ability to develop large-scale campuses.

Whilst the region accounts for a relatively small share of Europe's total live data centre capacity, the Nordics market has become one of the continent's fastest-growing locations for digital infrastructure. Across the four Nordics markets, capacity expanded at an average annual rate of 17.3% between 2020 and 2026, significantly outperforming the 10.7% average recorded across the rest of Europe. While the pace of growth has moderated slightly from the exceptionally high levels recorded over the full period, the region continues to widen its lead over the rest of Europe. Over the past two years, the Nordics recorded a CAGR of 15.2%, compared with just 6.2% across the remaining European markets.

Looking at each Nordics country individually, they have followed different growth trajectories. Norway established an early lead, recording the region's strongest long-term growth since 2020 (26.8% CAGR), while Sweden has emerged as the Nordics region's largest market, with 717 MW of operational capacity (20-26 CAGR 19.4%). More recently, Finland and Denmark have become Europe's fastest-growing markets (at 25.3% and 17.6% CAGR respectively during 2024-26), supported by hyperscale investment and the same structural advantages that underpin the wider region.

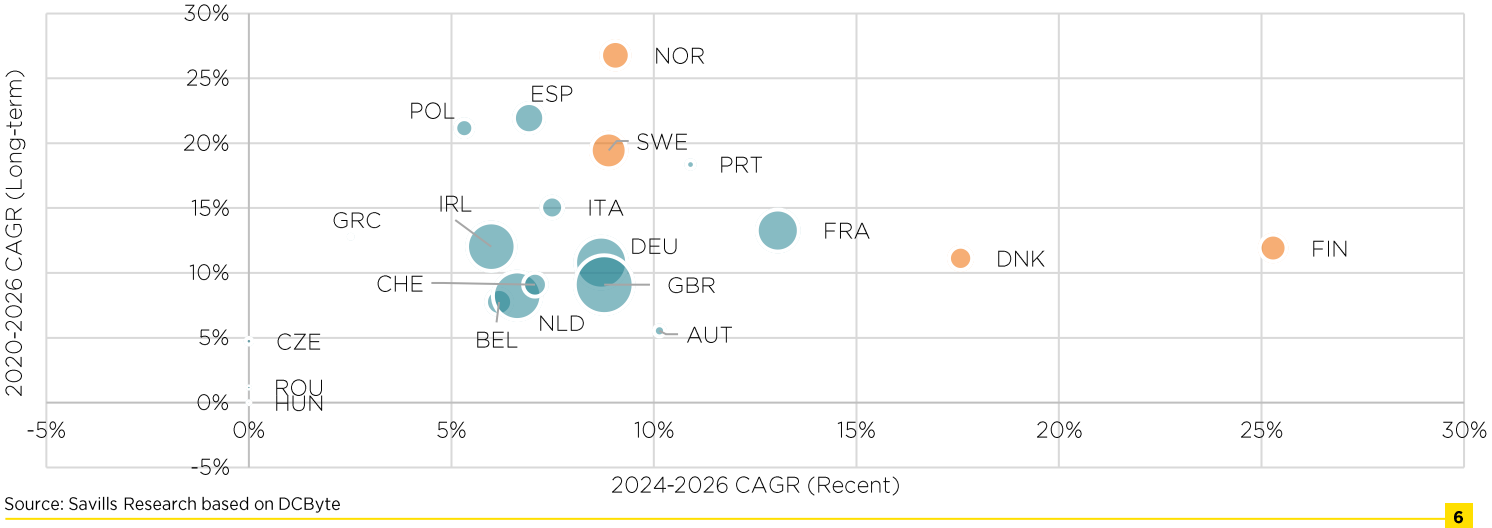
Energy availability has become the principal driver of the region's competitiveness. Sweden, Norway and Finland benefit from electricity systems dominated by renewable and low-carbon generation, including hydropower, wind and nuclear energy, enabling operators to secure large volumes of sustainable electricity while supporting increasingly demanding corporate decarbonisation objectives. As AI workloads become more power-intensive, electricity costs and availability have become critical site-selection criteria. Unlike many of Europe's established data centre hubs, where grid constraints and lengthy connection queues are increasingly limiting development, many Nordics locations continue to offer comparatively unconstrained access to power, allowing operators to develop campuses capable of supporting hundreds of megawatts of IT capacity.

The region's naturally cool climate further strengthens its competitive position by reducing cooling requirements and improving operational efficiency, an increasingly important consideration as higher rack densities place greater pressure on thermal management systems. Combined with abundant land availability, reliable electricity networks, and stable political and regulatory environments, these characteristics provide developers with a credible pathway to deliver large-scale infrastructure.

These structural advantages are reflected in broader international benchmarking. Savills' Global Power & Place Index, which assesses 52 cities based on the physical and delivery factors that increasingly determine where data centres can be developed, ranks Oslo first globally, with Stockholm third and Helsinki seventh. The results highlight that, while many of Europe's largest established hubs are constrained by power, planning or environmental limitations, the Nordics capitals continue to offer favourable combinations of renewable energy, competitive electricity prices, reliable grids, supportive planning frameworks and climatic conditions suited to large-scale digital infrastructure.

Looking ahead, these fundamentals are expected to become even more important as hyperscalers and AI infrastructure providers seek locations capable of delivering very large quantities of renewable power at scale. Rather than replacing the FLAP D markets, the Nordics are increasingly complementing them by providing the power, land and long-term development capacity required for the next generation of cloud and artificial intelligence infrastructure.

Data Centre IT Power Growth (bubble = 2026 Live IT Power, MW)



Source: Savills Research based on DCByte

Investment resilience with rising cross-border appeal



Mike Barnes
European Research Director

The Nordics investment market is well placed to outperform over the medium term as improving liquidity is underpinned by high performing economic and occupational fundamentals. Despite higher sovereign bond yields, strong economic growth will position the markets for yield stability and rental growth.

The **Nordics** has become an integral part of the European real estate investment market over the last ten years, averaging 15% of total activity, or €44bn per annum. Strong economic growth prospects are attracting more cross border investment to the region, with INREV's latest investor survey indicating that investors remain net positive towards deploying into the Nordics. However, interest rate policies are diverging across the region in response to different inflation paths, which will shape investment trends over the forecast period.

In **Norway**, investment transactions have normalised since Norges Bank increased interest rates, squeezing the sovereign bond yield spread against real estate. Inflation remains above target however, with expectations for interest rates to remain at elevated levels through 2027. Investors are increasingly diversifying across sectors, with offices' share of transactions falling from the long-term average of 40% to 26% in Q1-Q3 2026. Unleveraged funds remain active in the office sector, with debt-backed buyers seeking income growth across hotels and retail. However, Norwegian equity remains active, with sovereign wealth, private pension funds and private high net worth investors among the key players. Norwegian outbound investment remains active, driven by wealth taxes and diversification strategies, with over €5bn of cross-border acquisitions across the rest of Europe over the last 12 months according to MSCI, with capital targeting Sweden, UK, Ireland, Finland and Denmark.

Sweden is the most active real estate investment market in Europe on a per capita basis, supported by the deep pool of investors in listed real estate, boosting liquidity. According to EPRA, 22% of Sweden's commercial real estate is listed, well above the UK (5%), Germany (4%) and France (5%). Whilst the listed funds were previously a net seller due to refinancings, the listed sector is now a net buyer and competing for prime assets.

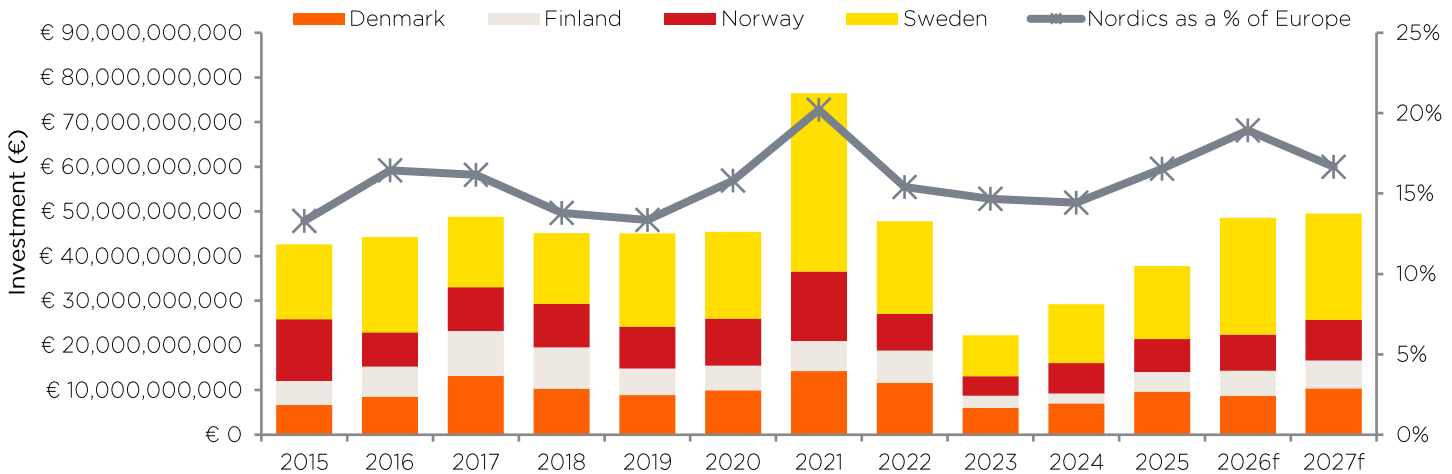
Q1-Q3 2026 investment volumes rose by 52% above the five-year average, supported by a return of larger lot size transactions and portfolio deals from institutional investors amid a favourable debt market. Logistics and multifamily remain high on investor wish lists, whilst the maturity of the public sector, including education, healthcare, judicial buildings and police stations, has also captured investor interest. Although prime CBD office yields remain among the sharpest in Europe, we expect mild yield compression over the next 12 months, given the underlying level of investor demand. A weaker Krona will continue to support inward investment over the next 12 months, although the continued dominance of domestic investors presents a challenge to cross border players. Overall, Savills expects Sweden to become the third most active European investment market in 2026, behind the UK and Germany.

In **Finland**, open-ended real estate funds have been net sellers in recent years in order to meet redemption requests and there remains a general shortage of core domestic capital. However, the wider yield spread between Helsinki and other European markets has attracted cross border buyers, particularly those euro-denominated, including several SCPIs. Swedish private equity firms and listed companies have been active buyers, particularly for retail, and light industrial. US capital remains active, whilst German institutional buyers are also gradually returning. Amid a strengthening investment market which reached €4.3bn during Q1-Q3 2026, almost double that of the same period in 2025, there is limited evidence of any distress, given a competitive lending environment.

In **Denmark**, an undersupply of private rental accommodation is creating residential development opportunities for investors, with over €5bn of multifamily transacted in Q1-Q3 2026, two-thirds of the total transaction volume. Urbanisation and population growth remain major drivers of rental growth in Copenhagen, against a backdrop of underdevelopment in recent years, which has compressed multifamily yields by 25 bps since the peak in 2024. Relatively cheap debt costs are supported by the realkredit finance system, where the lender issues mortgage bonds to investors and the proceeds fund the loan. Domestic investors, particularly family offices, are also gradually returning to prime offices, given low vacancy rates.

Looking forward, we anticipate **Nordics** investment volumes to increase by 20% YoY in 2026, above the European average of +7%. By end 2027, we expect investment volumes to reach €50bn, 10% above the pre pandemic average. Leaving aside 2021 - a year in which Nordics investment transaction volumes were boosted by M&A activity within the listed real estate market – this would mark the strongest year of investment in recent history.

Nordics investment volumes by country per year



Source: Savills (f indicates forecast)

Nordics top investment picks



Patrik Kallenvret
Head of Nordics Capital Markets

Savills Nordics research teams share top investment picks for core, core plus and value add investment strategies.

Country	Core	Core plus	Value add
Sweden	- Prime residential in Stockholm, supported by rental growth prospects - Stockholm CBD offices, supported by resilient growth outlook	- Industrial and logistics benefitting from defence-related spending - Urban shopping centres providing attractive income returns	- Conversion of vacant office space to alternative uses in Stockholm, Gothenburg and Malmo - Conversion of old industrial units to data centres in regional cities, where power is available
Norway	- Logistics and prime residential in Oslo, supported by limited supply pipelines	- Hotels, supported by rising tourism and RevPAR growth	- Retail benefitting from consumer spending growth
Denmark	- Prime multifamily in Copenhagen and Aarhus - Copenhagen CBD offices - Prime logistics in the Southern Corridor and Triangle Region	- Multifamily in Greater Copenhagen, with rent reversion and continued rental growth due to structural undersupply	- PBSA and micro-living in Copenhagen - Hotels supported by vast increase in tourism and decreasing supply of hotels - Prime residential assets in prime locations in Copenhagen as part of a privatisation strategy with a fall back with rental reversion
Finland	- Prime CBD offices supporting rental growth	- Residential standing stock and new development - Social infrastructure, including care homes and education	- Multi-let logistics for portfolio sales - Repriced shopping centres with stable occupancy



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