

Real Estate Strategic Outlook: Nordics

Recovery dented, but not derailed

External shocks weigh on 2026 growth, but resilience holds

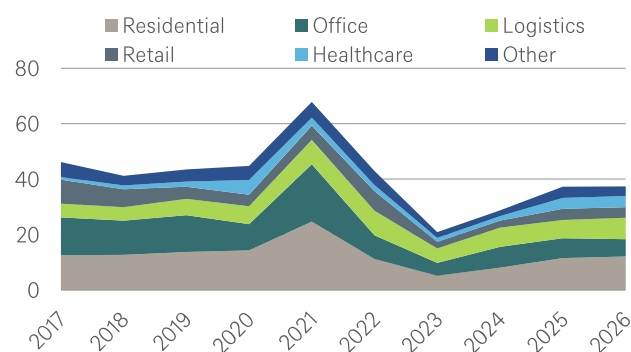
The Nordic real estate market enters mid-2026 with the recovery intact, albeit facing a more uncertain global backdrop. While the conflict in the Middle East is weighing on economic momentum and expected to push inflation higher, the region remains relatively well-positioned. A high share of renewable energy reduces exposure to energy price volatility, helping to contain inflationary pressures.

At the same time, strong household balance sheets and elevated savings continue to support domestic demand, particularly in Sweden and Denmark. In contrast, tighter fiscal and monetary conditions in Finland and Norway are likely to temper growth. Overall, while global events may slow the pace of recovery, underlying fundamentals across the Nordics remain supportive.

Transparency and resilience underpin long-term appeal

The Nordic real estate investment market benefits from its reputation for stability, transparency and investor depth, supporting steady deal flow despite a more volatile backdrop. Activity remained resilient in early 2026 with residential remaining the primary driver of activity, while alternative sectors, including healthcare and publicly backed real estate, gained traction. While geopolitical uncertainty is likely to prompt a near-term pause in activity, the region remains well positioned as a relative 'safe haven' within Europe.

Nordic Investment Volumes (Rolling Annual, € billion)



Source: CBRE, May 2026

Pricing has remained broadly resilient, with limited outward yield pressure outside of Norway, where higher rates have driven some repricing. While we expect modest decompression through the remainder of 2026, Nordic real estate continues to price tightly relative to the rest of Europe, limiting scope for medium-term yield compression and constraining returns on a risk-adjusted basis, arguably with the exception of Finland. Outperformance will increasingly depend on rental growth, favouring supply-constrained, high-demand locations.

Residential: Copenhagen tightens, Helsinki offers upside

Copenhagen remains a core focus, underpinned by a persistent supply-demand imbalance that supports robust rental growth. Mid-market product in well-connected commuter locations, such as Brøndby and Glostrup, benefit from relative rental affordability and are popular with families. In central districts, micro-living is gaining traction with younger tenants, students and international arrivals. Strong demand has compressed yields, limiting the appeal of stabilised assets, but forward funding could provide a way to overcome pricing barriers.

Helsinki is slowly rebalancing following a period of oversupply, with development slowing and occupancy improving. While near-term rental growth is expected to remain modest, the city offers longer-term upside as rents realign with incomes. Attractive pricing relative to other Nordic cities should support yield compression, albeit location selection is critical, given persistent vacancy in certain submarkets, particularly Espoo.

Logistics: Urban and Last Hour logistics remain the key focus

Urban and last-mile logistics remain the key focus, with increasing emphasis on multi-let assets given their defensive income profile and ability to capture rental growth. In Stockholm, elevated Big Box logistics vacancy has weighed on rents, but fundamentals in smaller, multi-let stock are notably stronger, with constrained supply and increased defence spending driving demand for production and storage space. Copenhagen's multi-let segment is also well positioned, supported by a resilient consumer backdrop and low vacancy.

Office: Underweight call on Nordic offices

We remain underweight on Nordic offices. In Copenhagen and Oslo, tight Grade A supply supports rental growth, but expensive entry pricing limits return potential. Stockholm faces a more challenged backdrop, with similarly tight pricing and elevated vacancy weighing on rental growth. Helsinki offers relatively better value, though high vacancy, softer demand and a weaker economic outlook are likely to limit rental growth over the forecast period.

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