

Intelligent Investment

# 2026 Norway Real Estate Market Outlook

REPORT

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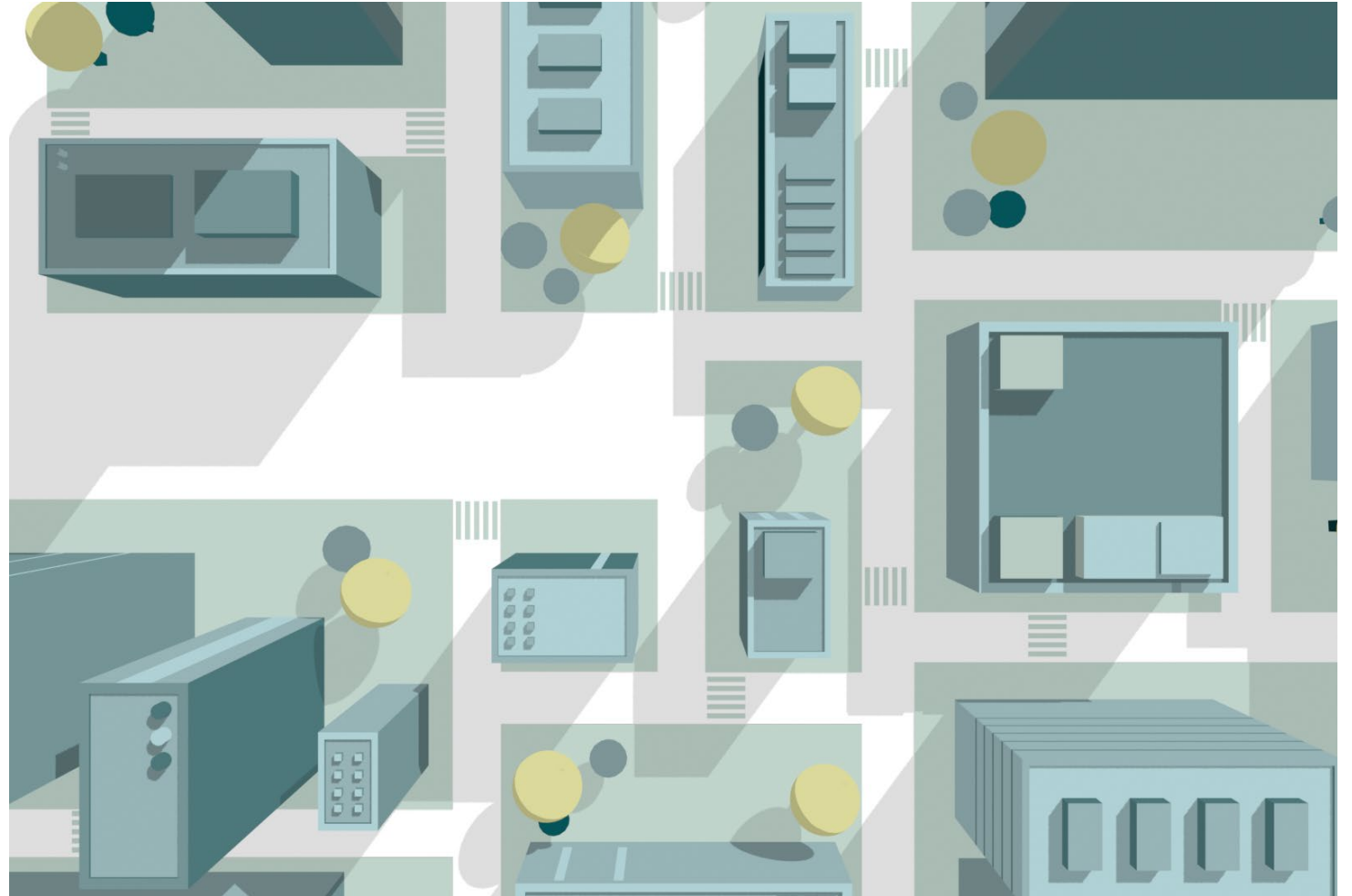
CBRE RESEARCH  
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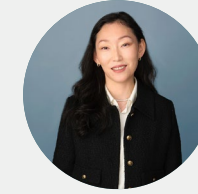
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# Executive Summary

- Norway's **Economy** regained momentum in 2025 and is expected to continue with moderate growth, easing inflation and a resilient labor market in 2026. Norges Bank delivered two rate cuts last year and expectations given the current projected rate path is one 25 bps cut per year forecasting a rate of 3.25 percent by 2028. New forecasts taking updated macro indicators into account will be published along with the monetary policy decision in March.
- Limited foreign participation and a market led by private property companies continue to define Norwegian **Capital Markets**. Yield gaps continue to differ markedly from the rest of the Nordics, supporting stable pricing but keeping transaction volumes dependent on domestic risk appetite.
- Although the New Government Quarter will vacate significant **Office** space, only a small portion will be marketed, muting the immediate impact on City Center supply. With a restricted pipeline in City Center areas and limited economic viability for new projects elsewhere, overall office supply is set to remain constrained.
- Intense demand and tight availability in last-mile locations continue to shape the **I&L** market. With occupiers upgrading into modern, efficient facilities and placing greater emphasis on common-cost control, competition remains strong even as overall logistics stock expands.
- Stable **Retail** spending, supported by stronger household fundamentals, is driving interest in well-located units. With new development muted, competition for prime space is set to intensify, maintaining upward pressure on rents.
- **Living** supply continues to undershoot demand, keeping upward pressure on rents across the residential market. **Student Housing** coverage remains low relative to political ambitions, and a regulatory change granting municipalities legal authority to require student housing specifically in zoning plans, creates opportunities for private ownership.
- **Hotel** performance remains strong, supported by high-end leisure demand and increased investor interest in acquisitions and repositioning assets. With minimal new supply and new travel corridors emerging, conditions are set to stay favorable in 2026.
- AI growth is straining European **Data Center** capacity, highlighting expansion potential in the Nordics and Norway. Demand is now moving towards smaller, city-adjacent data center sites as latency becomes increasingly critical.
- **Sustainability** remains central to lending decisions, and non-compliant assets face reduced access to financing. Investor willingness to pay a premium persists, though at lower levels than before.



Introductory Note by

**Christine Mee Lie**

Head of Research Norway, PhD

## Welcome to CBRE's Norway Real Estate Market Outlook 2026.

Norway's economy regained momentum in 2025. At the outset of 2026 we expect moderate growth looking ahead, with easing inflation and a resilient labor market, although signs of unused labor capacity. Household fundamentals are on a positive trend and relative to the EU, Norway is expecting population growth towards 2050. The interest rate was held at 4 percent by Norges Bank in January, and the indication is still one 25 bps cut per year forecasting a rate of 3.25 percent by 2028. New forecasts taking updated macro indicators into account will be published along with the monetary policy decision in March.

While today's interest rate appears elevated, a broader historical perspective shows that we are rather transitioning from an *unusually low* interest-rate environment. This is an important perspective to keep in mind. Still, our interest rate environment creates a contrast between investment conditions in Norway relative to the other Nordics and Europe, that is expected to continue. The same goes for today's elevated construction costs mainly driven by increasing material prices. Recent years geo-political uncertainty and turbulent times for global capital markets will also persist given the global political leadership currently in place.

Transaction volume in 2025 ended at just over NOK 83 billion. Slightly above 2024 levels, but a significant bounce back from 2023. In 2026 we expect a continuous positive trend with an expected growth of 5-10 percent in transaction volume.



01

# Economy

# Moderate growth outlooks as inflation remains sticky

Following a period of limited growth after the Covid-19 pandemic, momentum in the Norwegian economy picked up in 2025, resulting in an annual growth of 1.6 percent in mainland GDP. The positive trend is expected to continue, with Norges Bank estimating 1.3 percent growth in 2027 and 2028.

The labor market has been robust with low registered unemployment, a trend that is also expected to continue. However, AKU unemployment is higher and has recently increased faster than registered, and the labor market exclusion rate among individuals aged 20-66 is 20 percent. Both indicators of unutilized labor in the economy.

Inflation has eased from earlier highs, helped significantly by declining energy prices, including recent effects from the Norwegian maximum electricity price regime (Norgespris). Looking ahead, Norges Bank expect the downward trend to continue, projecting inflation of roughly 2.5 percent by December 2026. Still slightly above the 2 percent target.

Norges Bank delivered two rate cuts in 2025 but signaled a more cautious stance by raising the projected rate path in September.

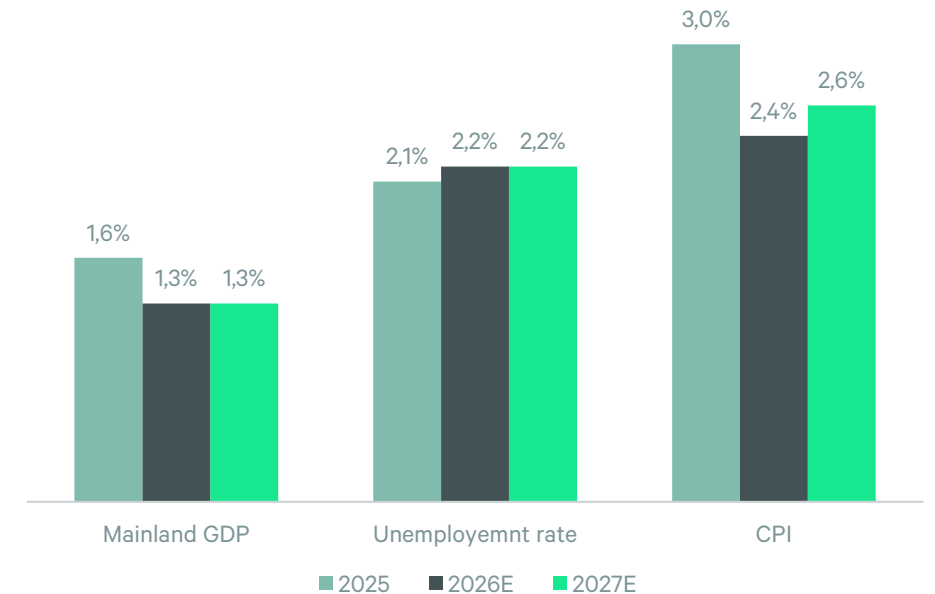
The rate was held at 4 percent in January, and the indication is still one 25 bps cut per year forecasting a rate of 3.25 percent by 2028. New forecasts, taking updated macro indicators into account, will be published along with the monetary policy decision in March. Further, while today's rate appears elevated, a broader historical perspective shows that we are rather transitioning from an unusually low interest-rate environment. This is an important perspective to keep in mind.

With Norwegian interest rates remaining elevated compared to European peers, this continues to create differences in investment climate among the Nordics and within Europe. This will likely continue in 2026 affecting most sectors. Total construction costs, another cross-sector factor, have surged in recent years mainly driven by increasing material prices. These higher costs especially contribute to lower activity and postponed projects, affecting the supply across all segments.

Recent years have been characterized by persistent geopolitical uncertainty and turbulent times for global capital markets. Given the current political leadership globally and ongoing conflicts, this is expected to continue in 2026 and beyond.

While today's rate appears elevated, **a broader historical perspective shows that we are rather transitioning from an unusually low interest-rate environment.** This is an important perspective to keep in mind.

Figure 1: Yearly growth in mainland GDP, unemployment rate and CPI (2025-2027E)



Source: Norges Bank, January 2026

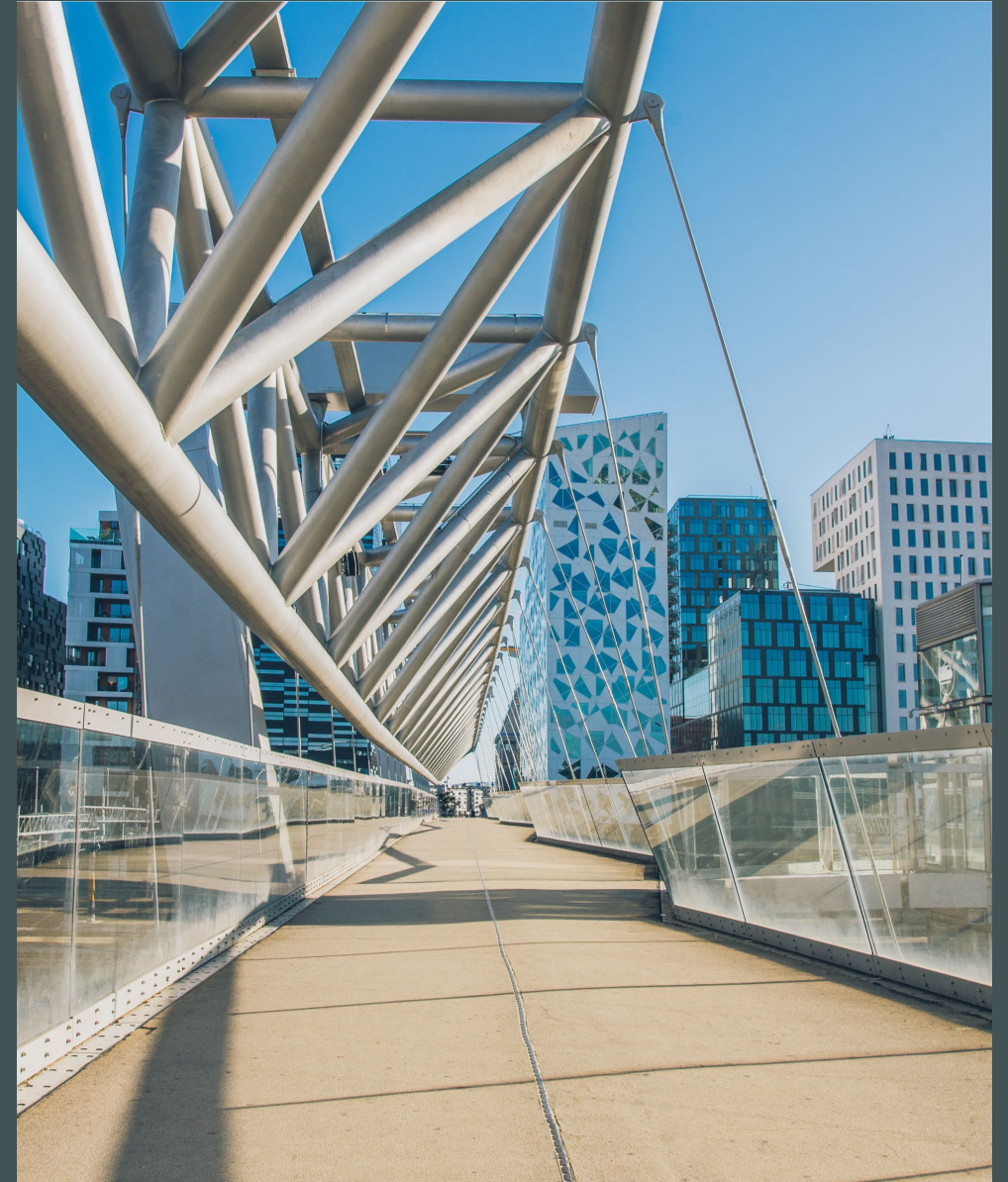
Note: Unemployment rate is registered unemployment statistics from NAV. Numbers for 2026 and 2027 are forecasts from Norges Bank.

01

Economy

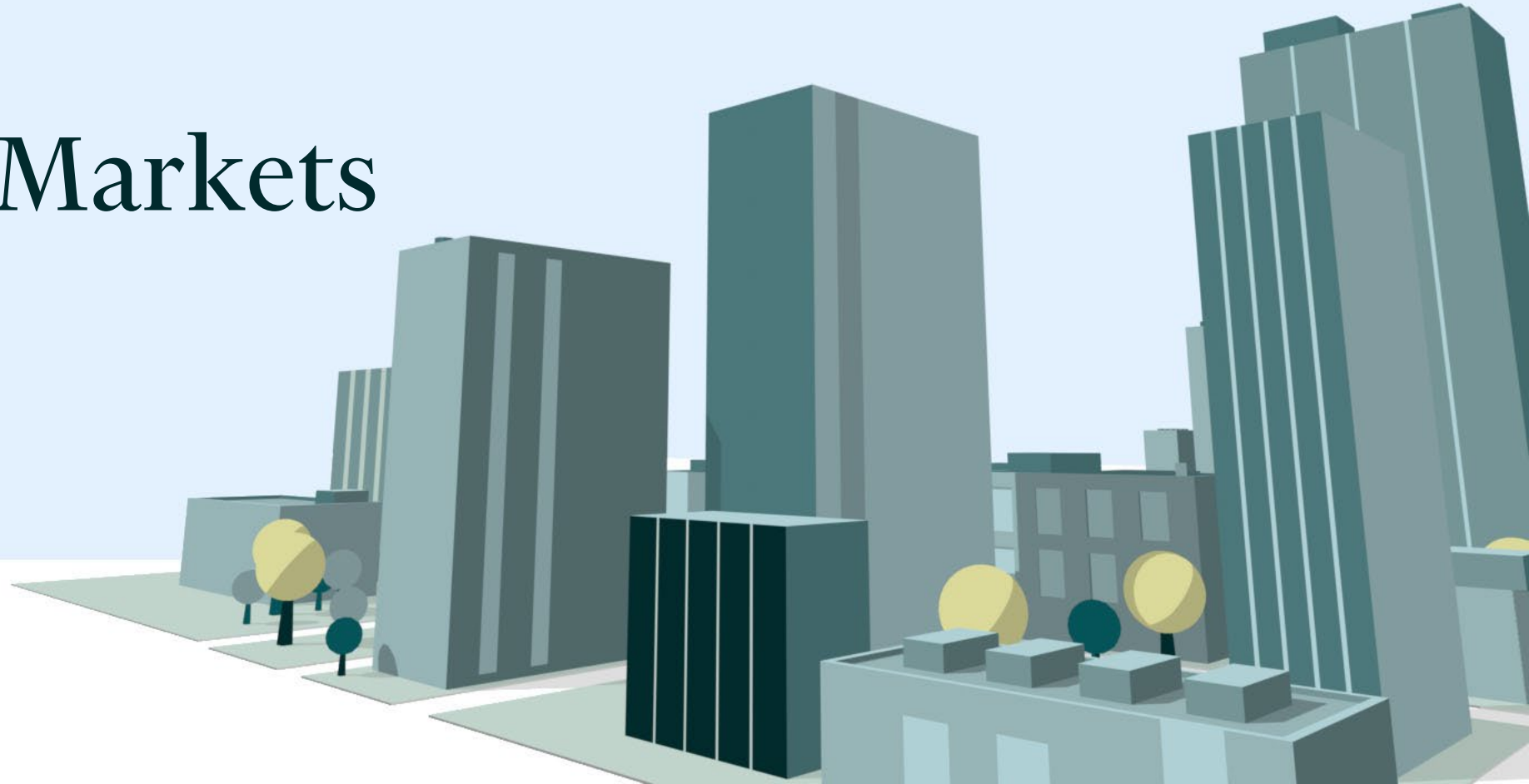
# Trends to Watch

- Growth picked up in 2025, and entering 2026 we expect moderate but steady economic activity. Although higher interest rates will continue to be a moderating factor, the underlying trends remain positive with a robust labor market, and inflation expected to continue a downward trend. Based on current analyses and projected rate path, Norges Bank expects one 25 bps interest rate cut in 2026 leaving the rate at 3.75 percent end of year. The possibility of faster-than-expected disinflation could however prompt faster or more rate cuts in 2026. However, the most recent macro indicators showing higher than expected inflation, suggests this is less likely.
- Today's interest rate level is elevated and more restrictive than our neighbors' and what we have become accustomed to over the past decade. Despite this, however, we expect to see a broader acceptance of a "new normal" as fundamentals like households' real income, savings and consumption have improved over recent years. Considering the broader historical context, we are leaving behind unusually low interest-rate levels. A shift in mentality regarding expectations about future cuts and new rate levels, might reduce the "wait-and-see" behavior observed in several markets.
- Norwegian interest rates remain elevated relative to European peers due to stickier inflation above target levels. This creates differences in investment climate across the Nordics and Europe which are likely to persist throughout 2026, as particularly capital flows and financing conditions will differ materially between Norway and lower rate economies.
- Persistent geopolitical instability and volatile capital markets will continue to influence economic sentiment, continuing to add uncertainty to investment decisions, trade flows, and broader business expectations. Based on 2025 and recent years the events causing such turmoil is by default difficult to predict.



02

# Capital Markets



02

Capital Markets

# Few international investors and yield gap conditions significantly different than in other Nordic markets

Market dominated by private property companies, with life insurers and pension funds sharply increasing their share in 2025. **Yield spread narrowed to less than 0.2 percent.**

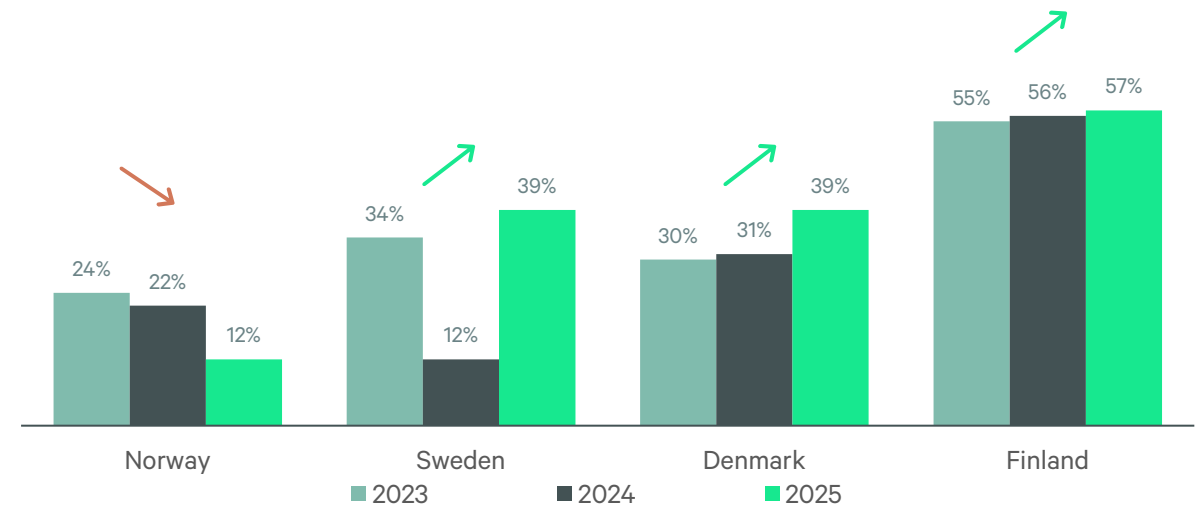
In 2025, investment volume in commercial real estate reached NOK 83 billion. A significant bounce back from 2023, but still below the 10-year average of NOK 97 billion. In 2026 we expect a continuous positive trend with an expected growth of 5-10 percent in transaction volume, in line with the Nordics overall.

Sector composition diverged from the historic trend: office and I&L took a smaller share, while retail and residential saw the strongest gains. The market was dominated by private property companies, with life insurers and pension funds sharply increasing their share. International investors accounted for only 12 percent of total volume, unlike the other Nordic markets this share increased. This divergence can at least in part be attributed to Norway's interest rate environment. While rate levels in the eurozone and Sweden have fallen significantly since 2023, the rate has been consistently higher in Norway.

Prime yields remained mostly stable throughout 2025 for all sectors. The spread between prime yield and 5-year swap rate is currently sitting at less than 0.2 percent, reflecting Norway's elevated interest rate. Yield gap conditions remain far more favorable in the other Nordic markets, a trend that is expected to persist through 2026.

**Most transactions in Norway were domestic.** International investors accounted for only 12 percent. By comparison, cross-border investments accounted for **21–26 percent in the period 2020–2024.**

Figure 2: Cross-border share of total transaction volume in the Nordics (2023-2025)



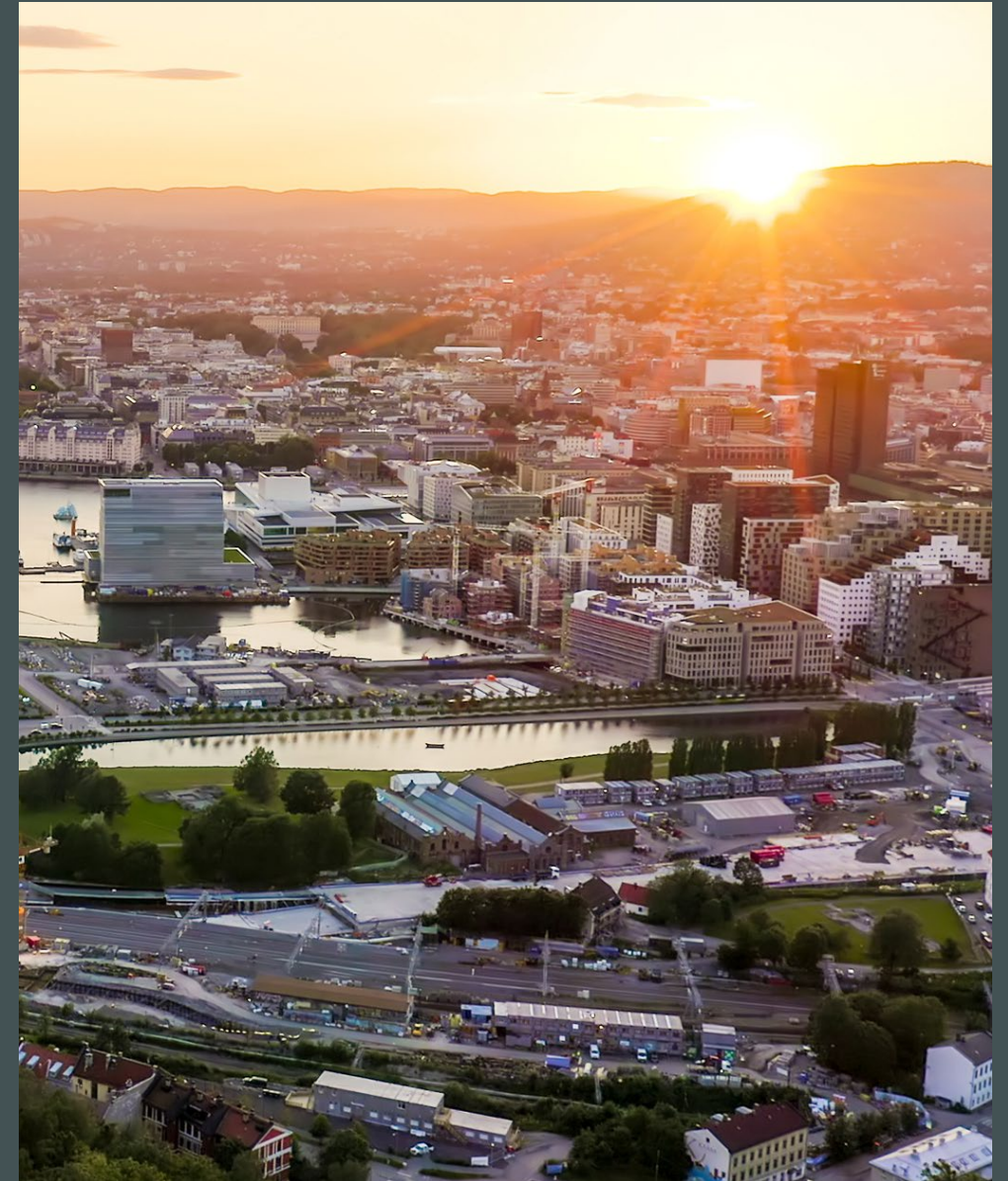
Source: CBRE Research, Q4 2025

02

Capital  
Markets

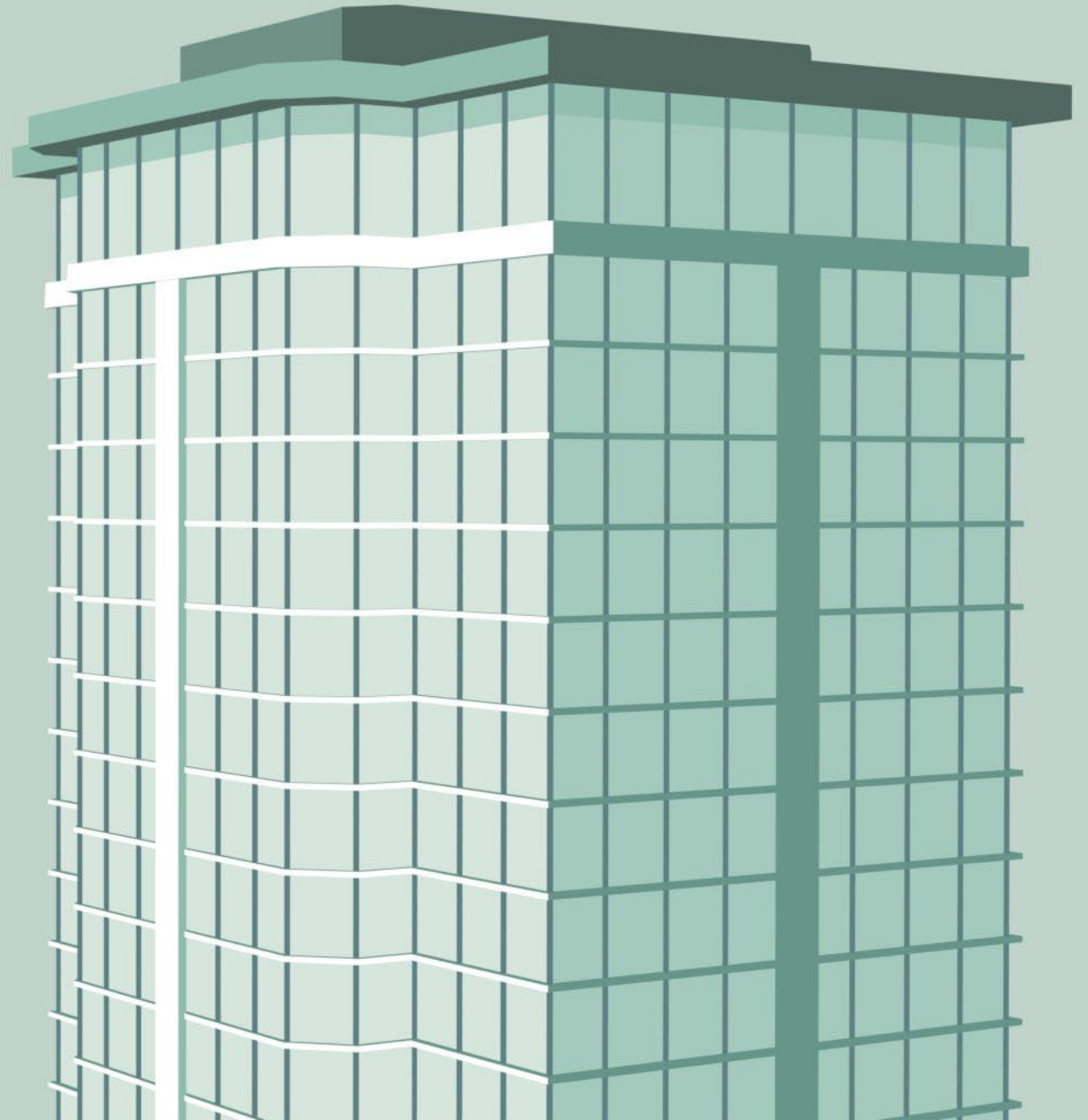
# Trends to Watch

- As the transaction volume in 2025 ended at just over NOK 83 billion, keeping the level slightly above the 2024 volume, last year marked a significant bounce back from 2023. Going into 2026 we expect a continuous positive trend with an expected transaction volume growth of 5-10 percent, in line with the expected growth in the Nordics overall. If disinflation progresses more quickly than anticipated, resulting in accelerated rate cuts and looser financial conditions, it will provide an additional lift to the market. The most recent macro indicators showing higher than expected inflation, suggests this is less likely, however.
- The “higher for longer” narrative is solidifying as the new normal. After years of consistent upward and outward pressure on interest rate curves, markets are adjusting to sustained elevated yields. Many investors who postponed sales in anticipation of rate cuts are likely to return as sellers in 2026, driven by the realization that cuts keep getting pushed in time. With the economy continuing to perform, the probability of near-term easing remains low, reinforcing a landscape where unrealistic pricing expectations quickly will be exposed.
- Although international investments accounted for only 12 percent in 2025, we expect foreign re-engagement in 2026 to remain gradual. Hence, Norway will continue to lag the other Nordic countries where rate cuts and financing conditions re-balanced earlier and already in 2025 attracted more cross border capital. With Norwegian policy rate staying higher for longer at 4 percent, and 10-year government bonds at around the same level, prime yield–bond spread will continue to stay tight relative to the other Nordics.
- 2025 was a high activity year for pension funds and life insurers in the Norwegian commercial real estate market, surpassing 2015 highs of NOK 12 billion in transaction volume. In total this represents more than 15 percent of total volume, which is more than 10 percent above the 10-year average. Looking at 2025 sector distribution, we also see that these investors are re-entering real estate segments such as retail and logistics. The entry of pension funds and life insurers into these sectors mark an important next step, signaling growing confidence from long horizon investors. The development is partly due to the interest rate environment, and we expect to see unlevered capital being active also in 2026.



03

# Office



# Supply conditions for centrally located offices will remain limited

**City Center office stock will increase with roughly 5 percent following completion of stage 1 of The New Government Quarter.**

Stage 1 of the New Government Quarter is currently being completed, and the ministries are scheduled to move in before Easter. The relocation will result in approximately 110,000 square meters of office space being vacated\*. All else equal, this would imply an increase in the vacancy rate of roughly one percentage point for the Oslo office market.

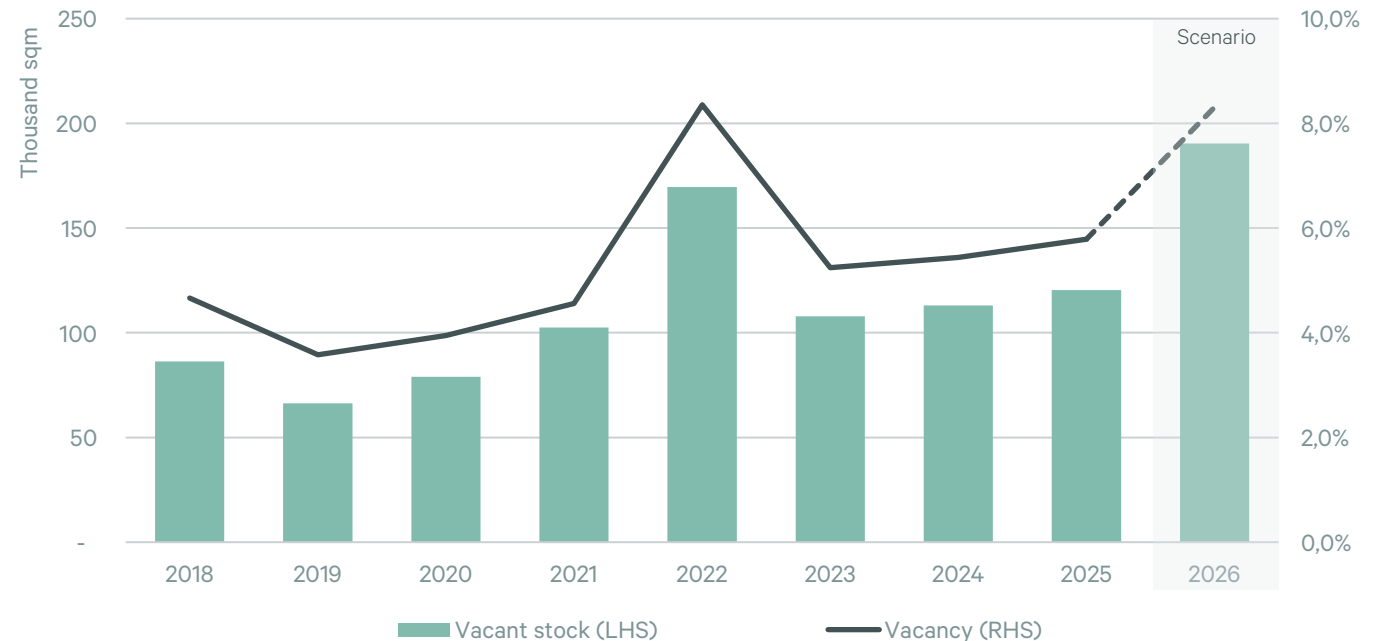
However, this outcome is unlikely. Only a limited share of the vacated space is expected to enter the open market. Statsbygg has already initiated the sales process for Victoria Terrasse, and other properties will likely remain in government use until the later stages of the New Government Quarter are finalized. As a result, the immediate supply effect will be far smaller than the headline vacancy potential suggests.

Beyond the New Government Quarter, we expect limited new office supply in central Oslo in the coming years. This restricted pipeline will support the market’s ability to absorb the space vacated by the ministries and should help mitigate upward pressure on vacancy. Moreover, the relocations have been known for a long time, giving the market ample time to anticipate and adapt to the forthcoming changes.

The rent premium required to trigger new construction in fringe submarkets remains high relative to both average and prime rents, limiting the likelihood of meaningful new supply in the near to medium term.

*\*Estimates are based on employee numbers, building size, and assumptions about other tenants where leased areas are not publicly disclosed.*

Figure 3: Oslo City Center vacant stock and vacancy rate including New Government Quarter (2018-2026)



Source: CBRE Research, January 2026

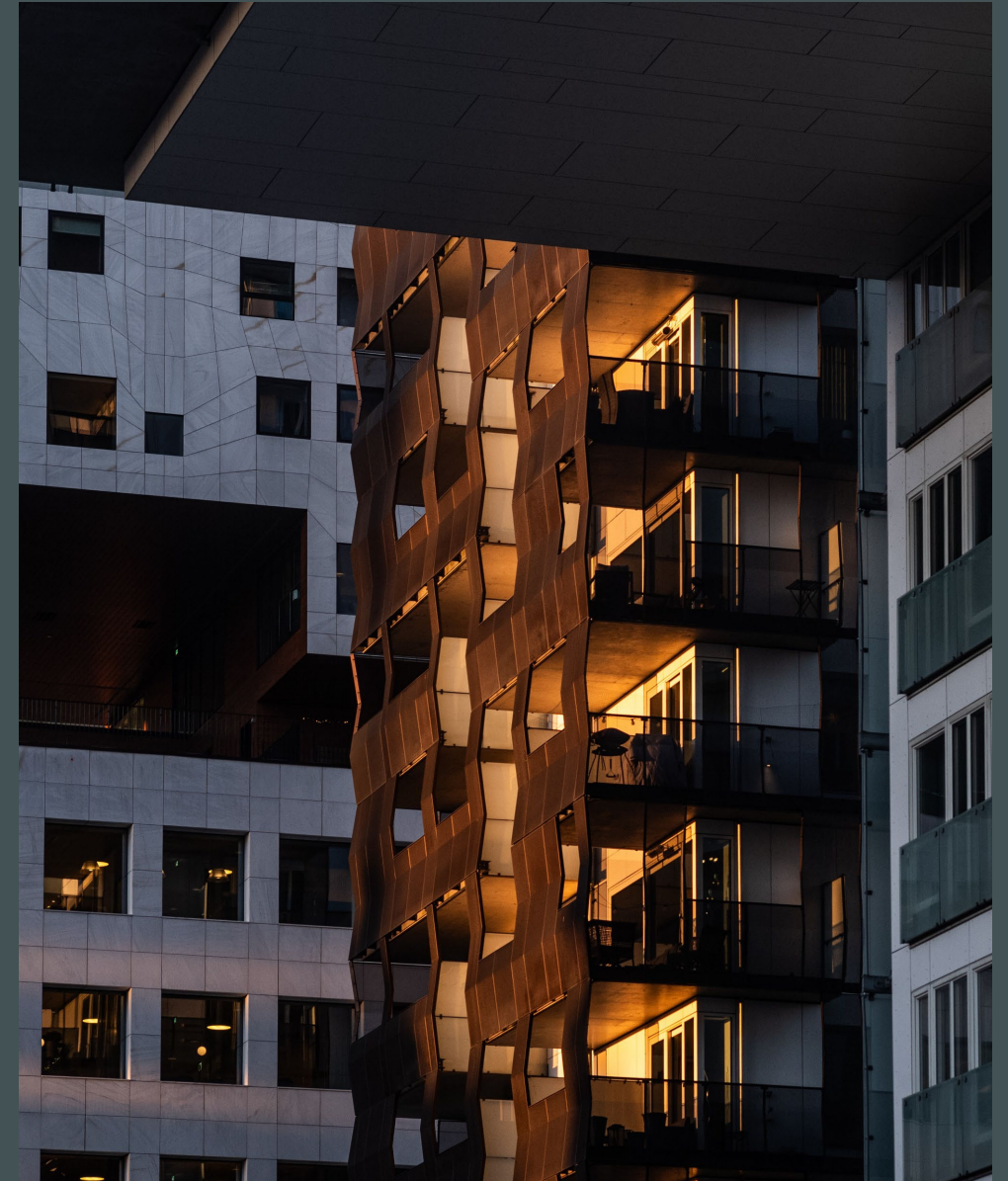
Note: scenario is based on completion of stage 1 of the new government quarter and the vacated stock from ministries moving away from City Center offices.

03

Office

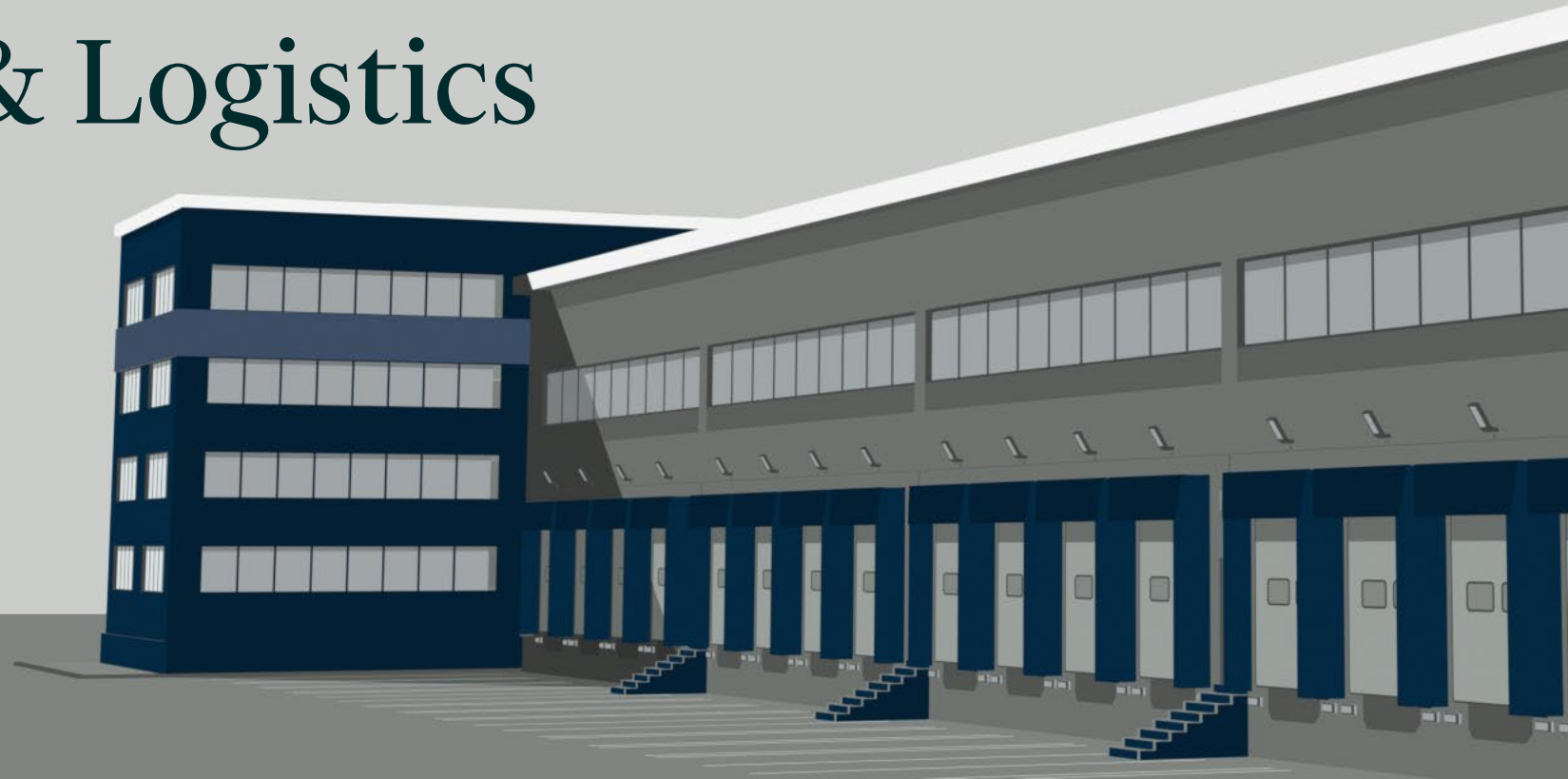
## Trends to Watch

- The hunt for yield and drive to allocate capital leads institutional capital to look outside of the traditional prime / core segments in the CBD and city center. The best assets in the best secondary markets will attract institutional capital and transact at prime yields in the respective markets.
- However, the assets meeting the institutional capital's requirements are few and there will be a significant spread between prime and secondary yields in all geographical markets.
- Over the past few years, “value-add” strategies have dominated office-sector investment strategies. As these assets gradually mature and come to market, the risk of liquidity challenges is rising. Many funds will attempt to sell upgraded “core” products into a relatively thin buyer segment, potentially creating pricing pressure and slower transaction velocity. How this plays out will be a key dynamic to monitor in 2026 and beyond.
- Rental growth for office assets in CBD and prime city-center locations is expected to remain strong over the long term. This sustained performance is driven by a combination of limited new construction activity, which restricts future supply, and a resilient economic backdrop that continues to support demand for high-quality office space. At the same time, occupiers are continuing to prioritize urban, well-connected environments to attract and retain talent as well as foster collaboration. Together, these factors create a favorable outlook for landlords in core markets, with competition for premium space likely to keep upward pressure on rents.



04

# Industrial & Logistics



# Last-Mile scarcity sets today’s prime rent levels

Out of roughly 1.4 million square meters of I&L stock developed after 2020, only 2.6 percent is vacant.

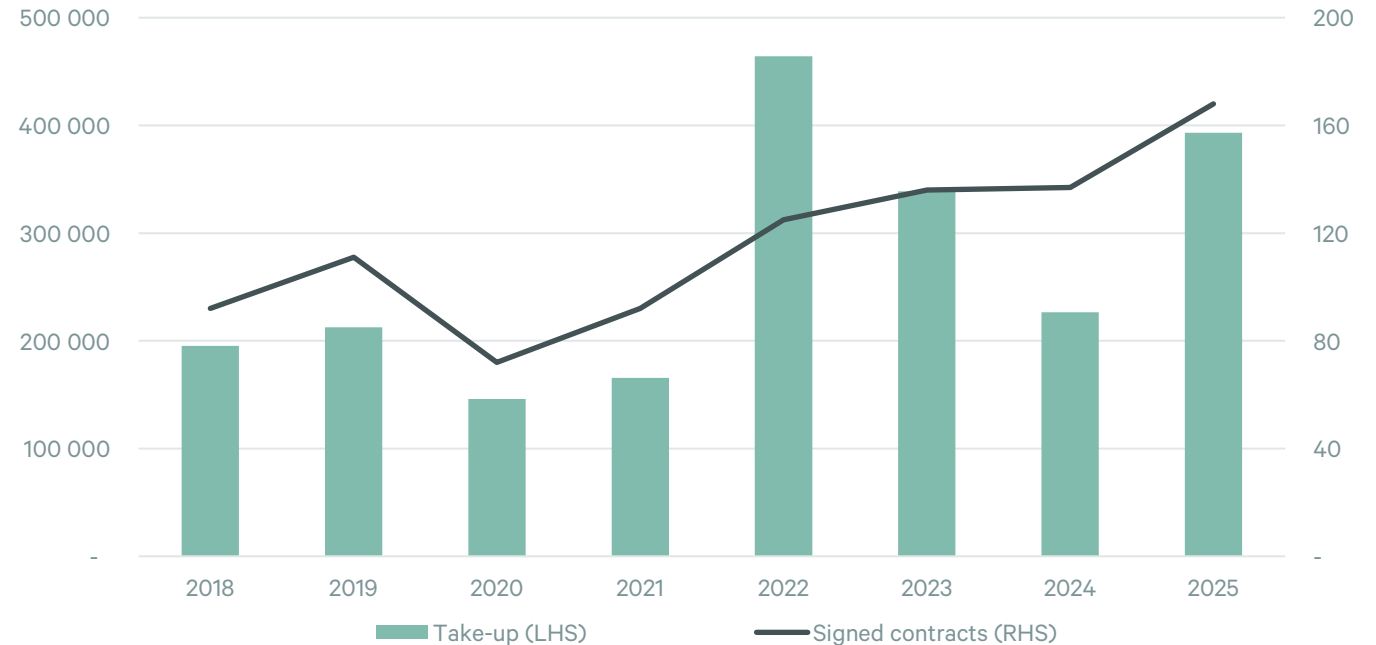
For the Greater Oslo area, the total I&L take-up approached 400,000 square meters in 2025. The number of contracts signed was up roughly 22 percent, a further reflection of the strong demand side. Despite a slight increase in the vacancy rate over the past year, absorption of I&L stock has remained strong, supported by robust take-up even against a sizeable supply pipeline. While this points to a healthy occupier market, recent prime rent trends are being shaped by other factors.

Norwegian I&L prime rents have remained stable at NOK 2,000 per square meter throughout the year. The extraordinary growth seen between 2021 and 2024 was driven by unique dynamics in Groruddalen, where several logistics properties are being considered for conversion to residential use. This has reduced supply in the area and pushed rents for the remaining last-mile warehouses to unusually high levels. If residential market conditions continue to strengthen, conversion plans may accelerate and create renewed pressure on rents.

It is important to note, however, that today’s “prime rent” does not reflect the broader Norwegian logistics market. Nor is it a benchmark for large, modern logistics facilities typically viewed as prime by major occupiers. Instead, the current prime rent level is shaped by a very small and atypical part of the sector: older, compact last-mile buildings in Groruddalen, where strong competition for centrally located buildings keeps supply limited.

As a result, prime rent figures are more a reflection of scarcity in this niche segment than an indicator of pricing across the main logistics hubs.

Figure 4: Greater Oslo take-up in square meters and signed contracts (2018-2025)



Source: Arealstatistikk, Q4 2025

04  
I&L

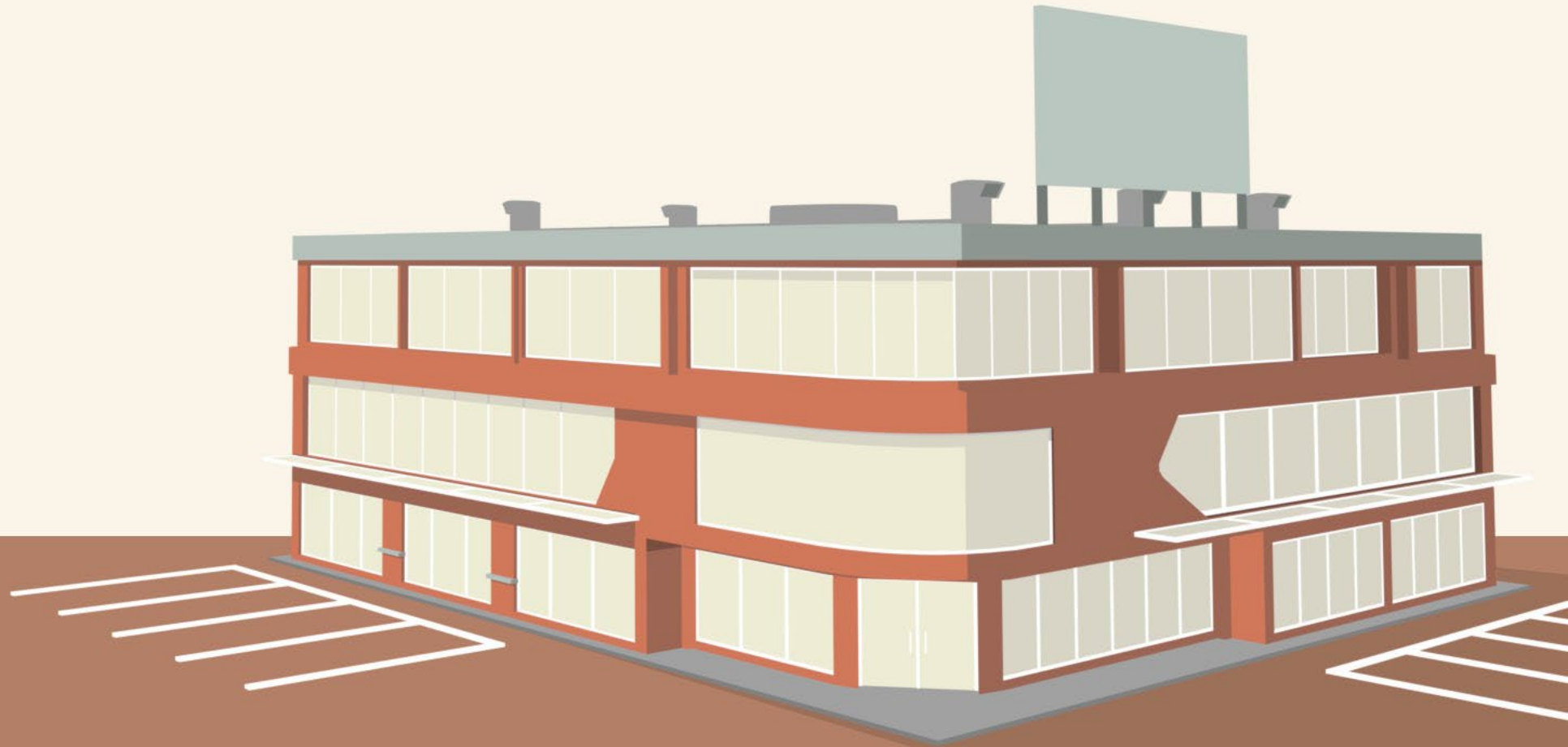
# Trends to Watch

- I&L investment volume reached NOK 14.3 billion in 2025 accounting for around 18 percent of total commercial real estate activity. The share was mainly driven by logistics assets. Take-up in the market increased year on year in 2025 and is similar to peak years of 2022 and 2023. Entering 2026 we expect a strong I&L market.
- Demand for modern logistics space remains strong and increasingly concentrated in larger, commercially zoned areas. Given today's development pace, the stock of zoned land risks being fully absorbed within a few years unless new zoning capacity is added. At the same time, zoning processes have slowed, exacerbating potential land shortages and providing additional support for rental growth.
- High rent levels, increased common costs and large variations in operating costs in older buildings, make even more companies choose new builds (built to suit). We see more operational optimization and implementation of cost-efficient solutions in both older and newer buildings.
- In areas where residential conversions are delayed, we expect short term rental prices to stay lower.



05

# Retail



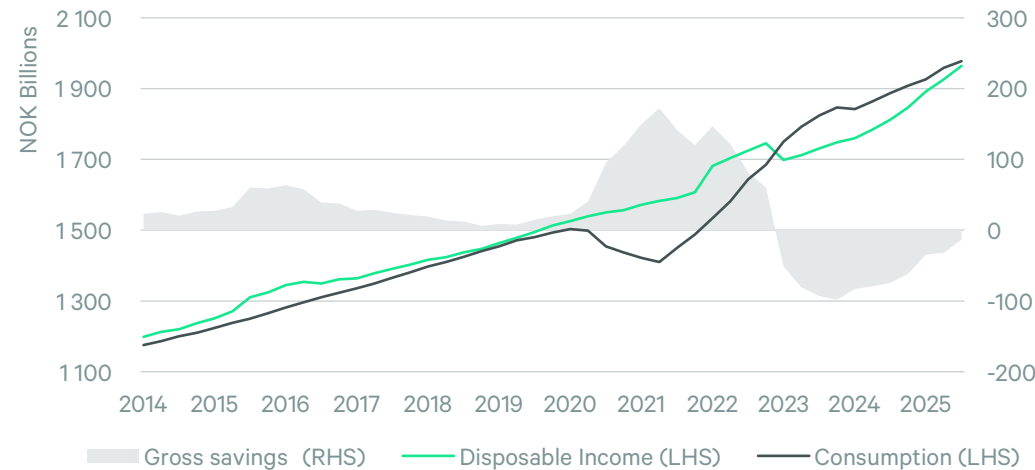
# Strengthening consumer fundamentals and limited new supply

Retail drivers are stabilizing as disposable income and household consumption return to more balanced levels after several turbulent years. Savings have moved back toward positive territory, reflecting a healthier household financial position. Looking ahead, forecasts point to solid growth in disposable income, real wages and consumption.

Building permits, commenced projects and completions of retail buildings are on historically low levels, largely due to sharply increased construction costs. Taken together with strong household fundamentals, we expect retail assets to experience significant tailwinds in the coming years.

While the EU population declines, **Norway is expected to add more than 500,000 people by 2050**, supporting continued growth in consumption.

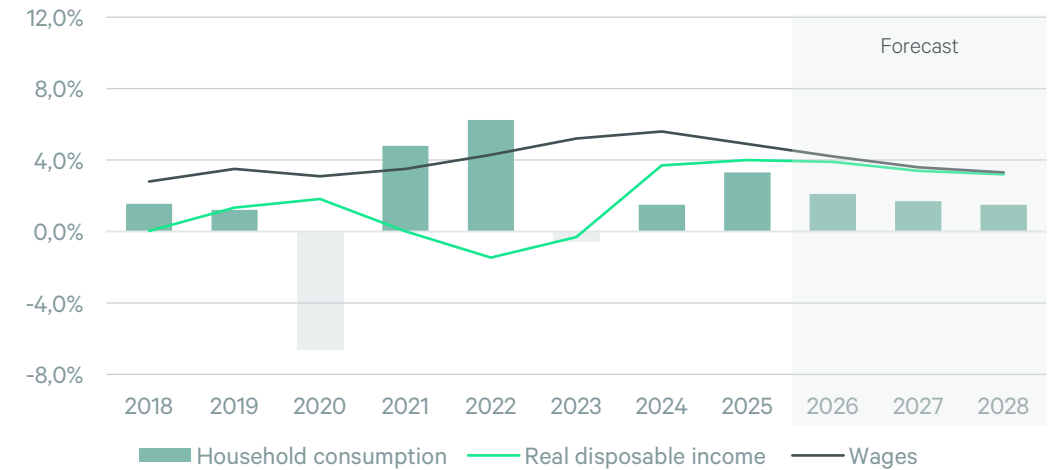
Figure 5: Households' gross savings, disposable income and consumption (2014-2025)



Source: CBRE Research, SSB, January 2026

Note: Gross savings exclude changes in pensions and capital gains.

Figure 6: Growth in disposable income, consumption and wages (2018-2028E)



Source: Norges Bank, January 2026

05

Retail

# Trends to Watch

- Retail volumes reached 11 billion NOK in 2025 (+25 percent YoY), equal to 14 percent of total CRE investment. Growth was broad-based across all sub-segments, led by shopping centers and big box. The entry of pension funds underscores rising confidence among long-horizon investors, reinforced by a wider European uplift—pointing to strengthening momentum.
- Consumer fundamentals heading into 2026 are supportive. The household savings rate has normalized back to its historical average, and the outlook for spending remains positive. Real wages have risen strongly in recent years and are expected to stay in positive territory, underpinning demand.
- By 2050, Norway’s population is projected to increase by ~500,000, with the 14 largest urban areas growing by around 10 percent and more than half of the total increase concentrated in Greater Oslo. This stands in clear contrast to a projected 1.2 percent decline in the EU, pointing to a materially stronger demographic tailwind for Norwegian consumption and, by extension, retail real estate—over the long term.
- Retail is shifting from “online vs. store” to “online + store”: omnichannel players are gaining share and the physical store is becoming a strategic asset for logistics, returns and customer acquisition. With e-commerce growth normalizing after the pandemic and channel measurement increasingly blurred, formats that harness the store’s halo effect are best positioned.
- Despite consecutive shocks—e-commerce, COVID, and higher living costs—retail has adapted rather than broken. New build supply remains limited and at a record low, while population growth is increasingly urban and stores are becoming more valuable in an omnichannel world. The result is a supportive setup for rent growth in the most resilient locations.



06

Living



# Continued housing shortage will place upwards pressure on rents

In Norway, 70 percent of the rental market is accounted for by private individuals renting out secondary homes or part of their primary residences.

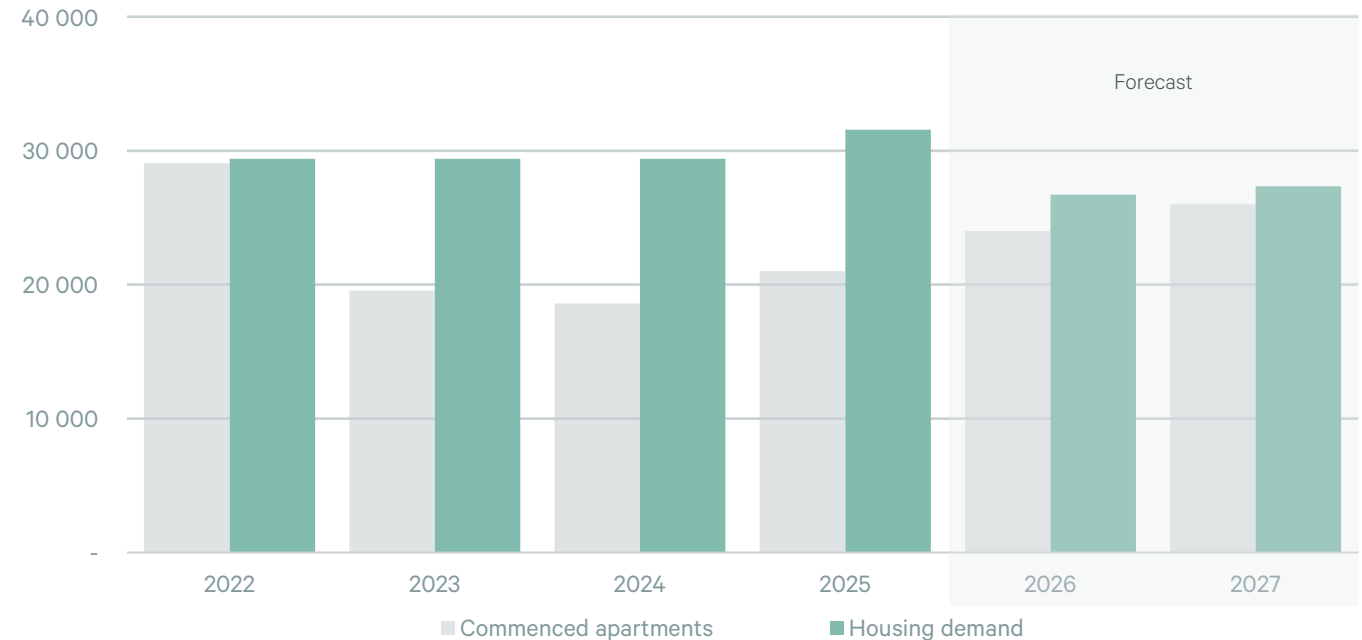
The Norwegian residential market will also in 2026 undershoot Prognosesenteret’s estimates housing demand, as developers continue to struggle against rising construction costs and high interest rates. As a result, newly built apartments in Oslo now account for just 7 percent of all units sold, nearly half the share seen in 2021.

In 2025, the Norwegian residential investment market was shaped by a handful of divestments of rental portfolios due to their lack of profitability. We anticipate that rental growth will be further supported in 2026 by the continued disposal of rental apartments.

Fundamentals for the demand side are also rigged for rental growth. In contrast to the European Union, the Norwegian population is expected to grow by over 500,000 toward 2050. Furthermore, households will experience growth in both wages and real disposable income.

At the same time, household composition is shifting. 48 percent of households in Oslo are now single-person households, while the existing housing stock remains heavily weighted toward larger units. This mismatch between household structure and available dwelling sizes further strengthens the underlying demand, particularly for smaller and more affordable apartments.

Figure 7: Commenced housing vs. housing demand (2022-2027E)



Source: Boligalliansen, Prognosesenteret, January 2026

Note: Boligalliansen and Prognosesenteret adjusts SSBs building permits to reflect actual commenced residential housing.

# Trends to Watch

- Norway's residential market is dominated by homeowners with only around 1 million people falling into the rental category in 2025. This represents around 18 percent of the population. Only 11 percent of landlords are professionals and over time we have seen a decrease in this share, as professionals are withdrawing from the market. We have also seen a decrease in the number of secondary residences, with a decrease of 8,000 units in Oslo since 2019. Consequently, Norway's commercial residential market is limited in comparison to other Nordic regions and Europe.
- The number of rental units in the market has declined and sales of property portfolios are expected to continue due to insufficient returns, among other things due to regulatory changes. We expect this decrease to continue in 2026, affecting the rental market, especially the rental prices going forward as supply will decrease. Recent numbers show that average rent for an apartment in Oslo is at NOK 20,000 per month. Other cities, especially those with universities and colleges, have also experienced high growth in rents and undersupply. Additionally, the slow pace in the new residential market will continue to put additional pressure on the rental market, as there is an undersupply in general as well – especially for smaller apartments.
- In the market for new residential units, sales have been weak and there is a large price gap between existing and new homes due to construction costs and historically high land costs, which hamper both sales and new project starts. As building costs are expected to remain high in 2026, combined with elevated interest rates also constraining the demand side, we anticipate little change in this market dynamic going forward.



07

# Student Housing



07

Student Housing

# Low student housing coverage opens for private ownership

**Student housing coverage remains low** but relatively stable **at around 15 percent** over the last 5 years. The Government's goal is 20 percent. **Rental prices rose sharply in 2025 with average rent for an apartment in Oslo at nearly NOK 20,000 per month.** Deep contrast to students' financial situation.

Public student housing coverage remains low but relatively stable at around 15 percent, below the political ambition of reaching 20 percent – equal to 1 in 5 being able to live in student housing. Meeting this target will require a substantial increase in new developments, and it is unlikely that the student associations will be able to deliver at the current pace. This leaves room in the market for private investors and developers.

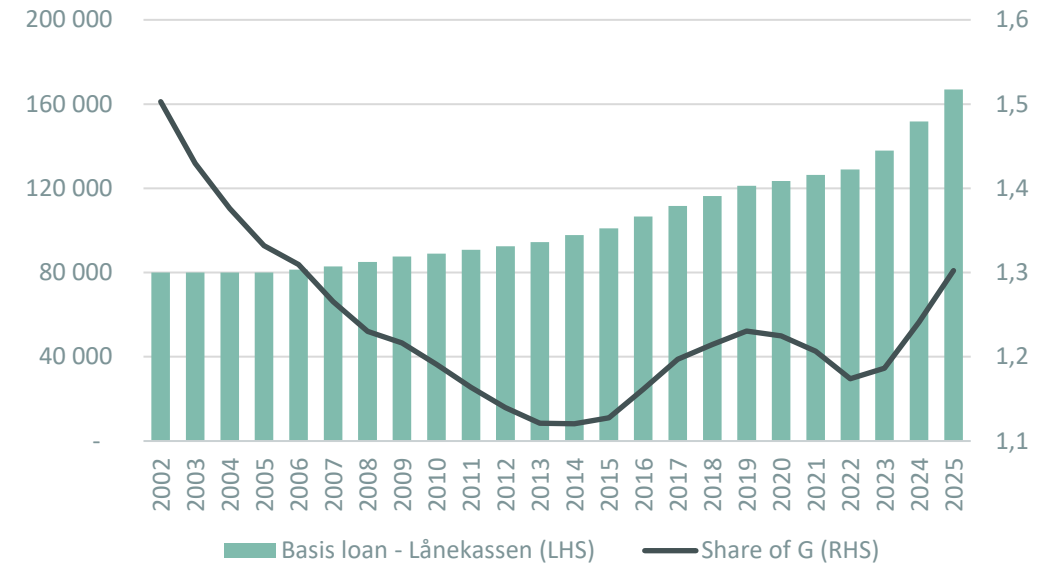
Although politically debated, more municipalities seem to acknowledge this, as undersupply remains consistent. The City of Oslo has already stated that they cannot deliver this capacity on their own, underscoring the importance of opening the market to private developers.

In July 2025, a regulatory change under the Planning and Building Act came into effect granting municipalities the legal authority to require student housing specifically in zoning plans. Following this the City of Oslo, for the first time, put a property out for sale in Økern Torgvei with a mandatory requirement for the buyer to build up to 450 student housing units.

Rental prices in Norway rose sharply in 2025. Average rent for an apartment in Oslo was at nearly NOK 20,000 per month and other big cities at around 18,000. In deep contrast to student's financial situation with 41 percent already being spent on rent, and the basis student loan as share of National insurance basic amount (G) being around 1.3 G in 2025.

**Oslo is Norway's largest student municipality**, with around 79,000 – 27 percent of total student population\*.

Figure 8: Basis student loan, share of National insurance basic amount (G) (2002-2025)



Source: CBRE Research, Lånekassen, NAV, January 2026. Original analysis by Norsk Studentorganisasjon.

07

Student  
Housing

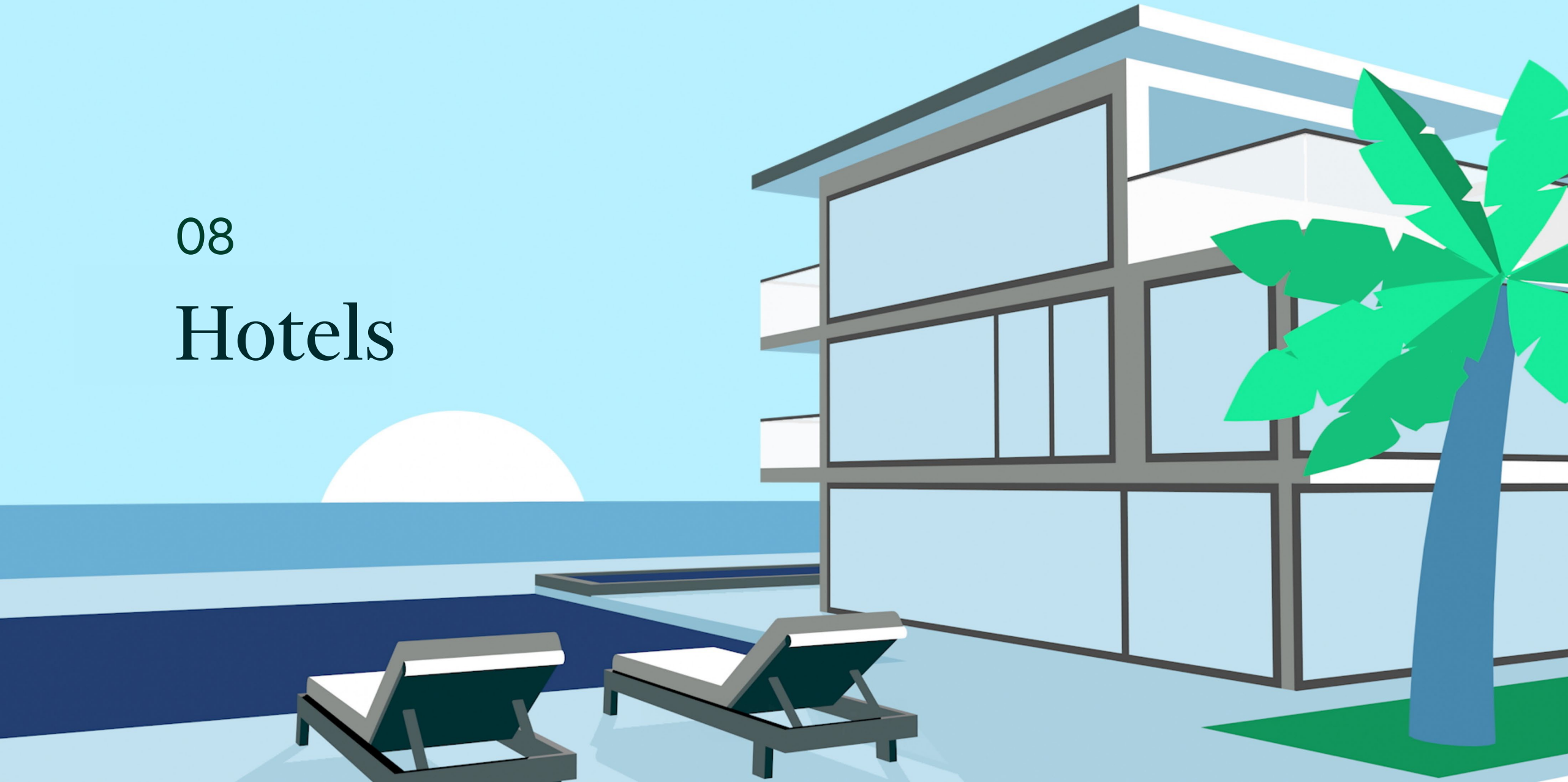
# Trends to Watch

- Public student housing coverage was at 15 percent in 2025, despite higher political aspirations. Overall, almost 14,000 students are lacking housing based on the government's 20 percent target. The new regulation under the Planning and Building Act that came into effect last year granted municipalities the legal authority to require student housing specifically in zoning plans – and the City of Oslo was the first to take advantage of this in their sale of “Økern Torgvei”. We expect more municipalities to take advantage of this regulation change in 2026.
- The current pace and volume of student housing coming to market is too low to close the gap in coverage. Meeting the target will require increased private investment in both new developments and renovation projects. Across Europe, interest in student housing continues to rise in line with the interest in “alternative sectors,” a trend expected to persist in 2026. While the market dynamics differ, we anticipate growing investor interest in Norway as well. Bo Coliving, supported by Heitman, has already established a strong national portfolio in Norway through targeted acquisitions and renovations, while increasingly evaluating new development opportunities. The regulatory changes introduced in 2025 are likely to accelerate private-sector entry despite some political resistance to private capital in this segment. Political resistance also remains notably lower than in sectors such as elderly care and health care.
- The Norwegian State Housing Bank manages loans, grants, and housing support for residential construction including student housing. As of now, grants and loans are reserved for student welfare organizations or foundations. There have been some political discussions about allowing private actors to access such loans as a measure to increase the number of student housing faster, especially in Oslo, but the political resistance against this is likely to remain high. A potential opening for private actors to receive loans and grants, at least to some extent, would likely increase the number of private investors and developers in the student housing segment faster.



08

# Hotels



# High-end leisure travel fuels hotel optimism into 2026

Norway remains an attractive tourist destination. The country is safe, nearly everyone speaks English, and highly attractive experiences remain accessible and interesting. Foreign travelers arrive in increasing numbers and hotels in the locations they choose to visit exhibit higher profitability. Bookings for 2026 are high and the preference amongst international travelers for premium accommodation persists.

Norwegian destinations are well represented on the list of the best-performing cities in the Nordic region since 2019, measured by the growth in average daily room rates (ADR).

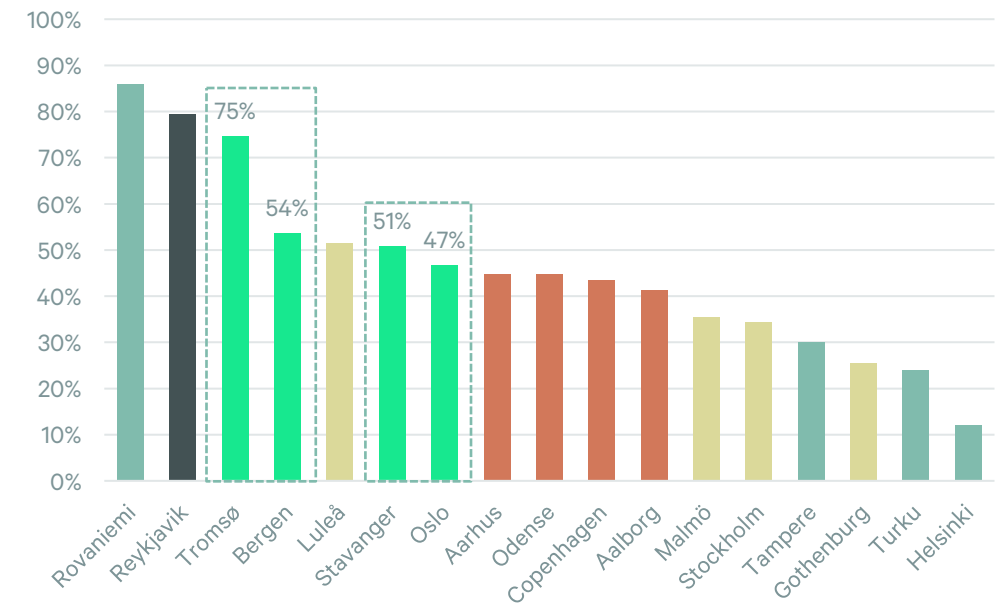
Little new hotel supply is expected to come into the Norwegian market in 2026 and beyond. Construction costs remain high, local planning is slow, and interest rates in Norway are only slowly coming down. With muted supply growth, hoteliers remain optimistic regarding the continued potential for growth in room rates. New, restrictive legislation on private room and apartment rentals (through online platforms like Airbnb) in 2026 will bolster the case for further upside rate growth in certain submarkets.

Hotel investment levels across the Nordics rose in 2025, skewed by CapMan’s acquisition of the Midstar portfolio, but showing healthy underlying growth rates even without that transaction. For 2026, as interest rates continue to go down, albeit slowly, we anticipate a higher transaction volume for hotels in Norway. Higher investor appetite for travel industry consolidation will include property transactions too.

Aside from private equity acquisition sprees, investor interest in hotel property is driven by exceptional growth in hotel performance since the pandemic period. Much of the growth stems from leisure traffic; most of it from abroad, and signs are the growth will continue. However, it is worth noting that the Norwegian currency has appreciated markedly against major currencies like the USD, EUR and GBP – making trips to Norway more expensive. It is also worth noting that countrywide, foreign guests account for less than one third of hotel overnights. Domestic business travel remains the most important sub-segment of hotel demand, and domestic GDP growth will continue to be the most important determining factor for these business travelers.

Norwegian destinations are well represented on the list of the best-performing cities in the Nordic region since 2019.

Figure 9: ADR percentage change in NOK for selected Nordic cities (2019-2025)



Source: Benchmarking Alliance, Q4 2025

08

Hotels

# Trends to Watch

- The streamlining of the Norwegian travel industry will continue through acquisitions, with particular interest from destination developers striving for greater scale and private equity groups pursuing roll-up or vertical integration strategies, also extending to hotel and other real estate assets.
- Concurrently, some hotel owner-operators seek to grow their footprints, in pursuit of greater scale through acquisition of particularly well-located assets suited for repositioning. International investor interest will grow.
- While few new hotels are planned, there will be some supply growth in select cities in the high-end hotel segment and within serviced apartments, mostly relating to repositioning of tired hotels or conversion of older office stock. Many of these projects are developed for ultimate sale to core investors seeking long leases and stable income, currently an illiquid segment of the transaction market, but one showing signs of improvement.
- The Arctic area of Norway and its neighbors will remain top of mind. The touristic appeal of the region is high and with recent geopolitics in focus, the strategic importance will also contribute to more visits – all good for the region's hotels.
- Accelerating investment in large infrastructure projects, particularly the ones that are driven by the defense sector, will create new opportunities for hotel development and investment, as new corridors and means of travel will enable new movement patterns, especially in the Arctic.



09

# Data Centers



# AI growth strain European capacity, with Norway and the Nordics offering growth potential

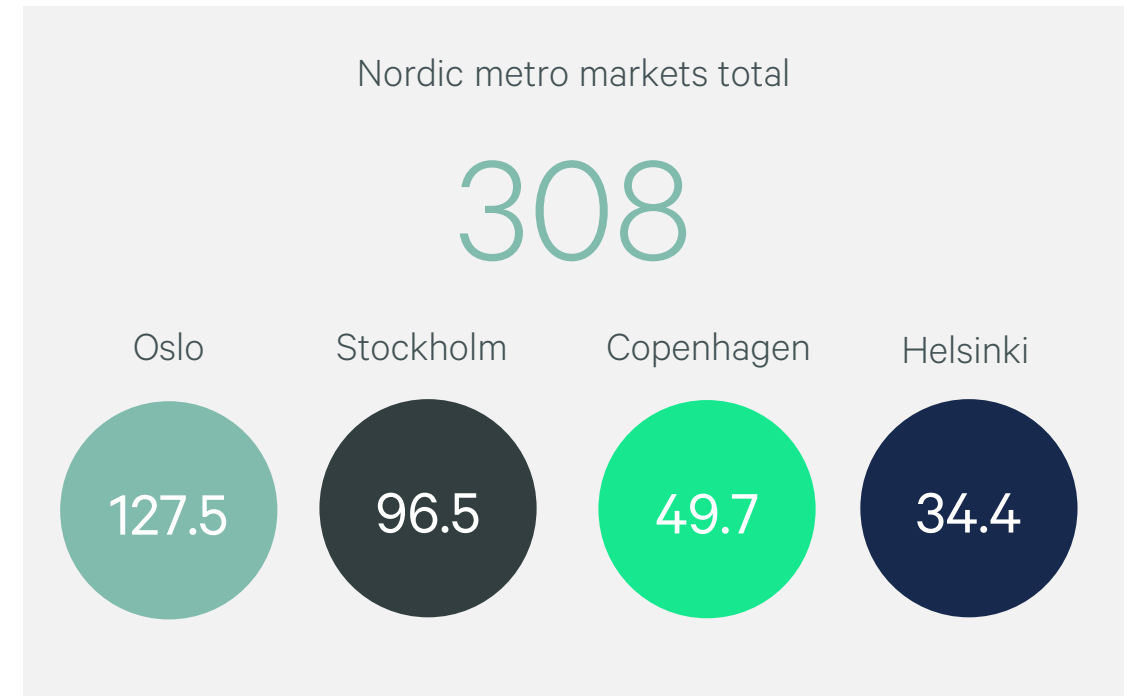
AI adoption is **set to further increase data center demand** in 2026, pushing vacancy to record lows. **Oslo** remains **among Europe’s fastest-growing metro markets**.

The Digital Revolution has already structurally transformed the way we live, play and work which targets immediate consumption of data. Everyday data consumption remains the main driver of the data center boom fueled by the continuous arrival of new technologies. As of today, Norway hosts 88 data centers – 30 centers more than was registered in July 2025. Most data centers are under the colocation category. Greater Oslo hosts a mix of retail and wholesale colocation centers and is easily the largest colocation metro market by supply with 127.5 MW in 2025, a share of 41.3 percent of total capital region supply in the Nordics.

Vacancy rates in Europe, across both primary and secondary markets, are projected to decline further this year. The rate is forecasted to reach 6.5 percent by the end of 2026. In comparison the vacancy rate was 18.2 percent in 2020. Despite capacity constraints, continued decrease in vacancy is occurring despite record new supply entering the European market and making it harder to find capacity at scale. Tier II markets will fuel the next wave of growth with the Nordics having especially large AI deployment potential.

Global AI revenues are expected to increase from less than USD 100 billion in 2021 to almost USD 1.4 trillion by 2029, requiring vast new processing capacity. With this, AI is by far expected to be the primary driver for demand within the data center market going forward.

Figure 10: Top Nordic metro markets by colocation supply FY 2025 (MW)



Source: CBRE Research, Q4 2025

09

Data Center

# Trends to Watch

- 2025 marked a shift for sovereign AI and stricter regulation in Norway. The government's updated strategy (effective July 2025) emphasized keeping Norwegian data on domestic soil, and data centers were reclassified as critical digital infrastructure under the revised Electronic Communications Act. Projects over 2 MW must now conduct surplus-heat cost-benefit analyses, and from January 2026 grid operators began assessing project maturity under the new grid access rules. These changes will shape future developments: "paper-only" projects are likely to be deprioritized in favor of shovel-ready sites as maturity will be prioritized over (theoretical) capacity and increased regulatory complexity will likely drive up the capital required per project.
- So far, the main focus has been on developing big sites for data center use. Moving forward we expect this to start shifting, with a larger emphasis on smaller sites and sites closer to consumers as latency becomes increasingly important. This implies more demand for data center sites in or closer to cities where it is more difficult to build, and where few sites are zoned for data center development. On the upside, the new requirements regarding surplus heat usage potentially align well with this, opening up for potential synergies.
- Last year we saw the rise of "neoclouds" and "GPU-as-a-Service" (GPUaaS) starting to shape the industry. Norway is becoming a primary destination for such neoclouds, that is specialized cloud providers (e.g., Nscale, CoreWeave, Nebius) that focus exclusively on high-performance GPU clusters. Unlike traditional hyperscalers, these tenants require extreme power densities (often 100kW–130kW+ per rack) resulting in more high-density demand. On the upside they deliver faster and better products and services and a more "plug and play" AI infrastructure. We expect this trend to intensify in 2026, strengthening Norway's position as well as bringing about overall quality improvements.
- Crypto currency companies occupy significant capacity today that could be shifted into AI. Potentially better ROI (Return on Investment) for the emerging neocloud segment relative to crypto currency, might be tempting, and accelerate this shift going forward.



10

# Sustainability



# Sustainability stays important for financial decisions

Compared with 2025, **more European investors are willing to pay a premium for assets with sustainability credentials**, but the premium has narrowed. **47 percent of lenders will not lend against assets that do not meet sustainability criteria.**

Most real estate lenders in Europe are strict when it comes to sustainability criteria. European Occupier Sentiment Survey 2026 shows that sustainability remains a primary factor influencing decisions on whether to stay or relocate.

According to the European Investor Intentions Survey 2026, more than 71 percent will not lend if an asset does not meet certain sustainability criteria or if there is no business plan in place to improve the asset. Further, 35 percent of investors are willing to pay a premium for assets with sustainability credentials, but the premium has narrowed. The share is up from 13 percent in the previous year's survey.

Although not Nordic-specific, the results are interesting also from a Norwegian perspective.

The revised Energy Performance of Buildings Directive (EPBD) has been out for public consultation in Norway, deadline being 5 January 2026. The consequences for Norwegian homeowners have been widely discussed in the media. How a potential implementation affects the Norwegian market will largely depend on what policy instruments ("carrots vs. sticks" etc.) will be used.

January 2026 also started with an updated energy labeling scheme (Energimerkeordningen) in force. Among changes are better alignment with EU regulations, a shift to a unified energy rating (A-G) and new weighting factors rewarding energy solutions that reduce pressure on the power grid such as district heating.

Figure 11: Premium investors are willing to pay for assets that meet sustainability standards\*

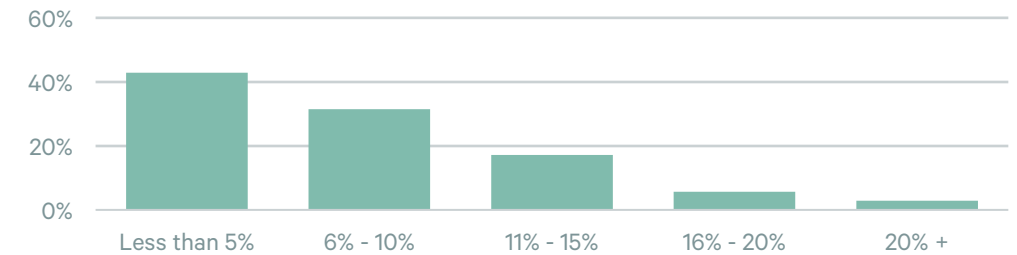
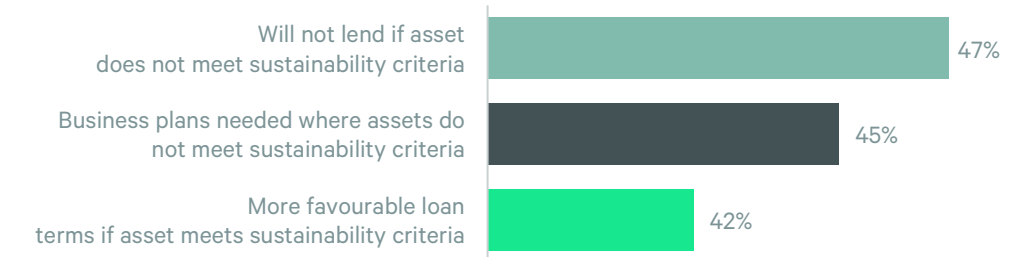


Figure 12: Which ways will sustainability criteria impact lending?



Source: European Investor Intentions Survey 2026, European Lender Intentions Survey 2025

\*Figure includes the 35 percent of investors that are willing to pay a premium for assets with sustainability credentials.

10

Sustainability

# Trends to Watch

- From January 2026, Norway introduced an updated version of the energy labeling scheme (Energimerkeordningen). The calculations follow a new method (NS 3031:2025) better aligned with EU regulations. Among changes are a shift to a unified energy rating (A-G) making the label simpler and more intuitive, and new weighting factors rewarding energy solutions that reduce pressure on the power grid such as district heating. Going forward we expect these changes to make it easier for existing buildings to achieve higher grades, even without any physical upgrades. The total number of buildings marketed as A-B properties will therefore increase over time under the new scheme. Further, as a certificate is valid for 10 years and many have existing certificates: it will be interesting to see going forward if we observe an increase in re-labeling from owners re-applying earlier.
- The new scheme might also directly affect financial conditions for the owners. Electricity will be weighed with a factor of 1, while district heating, district cooling, and biofuel will have a factor of 0.45. This implies that buildings with district heating in many cases will receive an A or B label with the new scheme – automatically qualifying them for green loans without having done any upgrades. We especially expect owners that would be able to make an easy jump into A-B levels to take advantage of this going forward. As the total number of A-B properties in the market increases, this will likely also change the current price premium dynamics.
- At EU level the revised Energy Performance of Buildings Directive (EPBD) entered into force May 2024 and will be transposed into national laws by May 2026. The directive requires that the average energy use in the housing stock be reduced by at least 16 percent from 2020 to 2030, and by at least 20–22 percent by 2035. The directive has been out for public consultation in Norway, the deadline being 5 January 2026. The consequences for Norwegian homeowners have been widely discussed in the media. We expect the discussion to continue and await the response from the Ministry later in 2026. How a potential implementation of EPBD affects the Norwegian market will largely depend on what policy instruments (“carrots vs. sticks” etc.) will be used. So far, the Ministry is pointing to Enova and The Norwegian State Housing Bank as existing and well-functioning policy instruments.



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