



Catella: Positive outlook for Nordic real estate markets in 2018

Record year with transaction volume of EUR 43.3 billion, increase of international investors, positive market sentiment for 2018.

The latest overview of the 2018 Nordic investment markets by Catella Research shows that the economic situation supports the positive trend. With a transaction volume of approx. EUR 43.3 billion (2016: EUR 41.9 billion, 2015: EUR 32.8 billion), more properties were traded in one year than in the past 25 years. EUR 3.4 billion was invested by Nordic investors in European real estate outside of the Nordic countries. The core markets are still in focus of investors but second-tier locations are gaining momentum.

More findings for the 12 covered markets:

- The share of international investors has increased in all countries, in some parts particularly strong. The strongest increase is recorded in Finland with 73% in 2017, compared to 31% in the previous year. Denmark also exceeded the 50%-mark, followed by Norway with 43% and Sweden with 13%.
- Regarding invested asset classes, a certain degree of heterogeneity can be measured. Investors primarily invested in office properties in Norway and Finland, while residential properties were the most popular asset class in Denmark and Sweden. The share of transacted logistics properties is at a similar level however.
- With an average office prime yield of 3.50%, Stockholm is the most expensive office location of the North-European cities. The highest yield is once again recorded in the city of Turku in Finland (7.25%).
- A similar picture is seen in the retail yields: the lowest yield here is recorded in Copenhagen (3.25%), followed by Stockholm (3.50%). The yield gap between office and retail properties has also decreased in the Nordics and is currently at 18 base points (4.88% office, 4.70% retail) in the twelve observed markets.

“During the course of the year, we expect stable or slightly increasing office rents in almost all North-European markets”, says Dr. Thomas Beyerle, Head of Group Research at Catella. Current frontrunner with a prime rent of 60.60 €/sqm is Stockholm, the lowest recorded value is found in the city of Odense in Denmark (11.20 €/sqm). “Because of the continuously high demand for office space, a slight decrease of vacancy rates can be expected in most cities”, continues Beyerle.

View the complete analysis at catella.com/research.

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