

Executive Summary

During 2014, real estate transaction volumes **have broken** all records in every metropolitan region in the Nordics. Capital **has flooded** into the region in a phenomenon that **has been popularly described** as a “wall of money”. The reason for this is that an increase in savings **has led** to a rise in available capital, and pension funds **have been looking** to invest a portion of it in real estate. The Nordic countries are considered to be safe markets due to their quick recovery from the financial crisis. More analysis of capital flow movements is available in this issue’s theme article.

On the downside, office rental markets in the Nordics **have been less consistent** in comparison to the real estate transaction market.

Helsinki **has recorded** a rental decline during H2 2014, and although the vacancy **rate has also decreased** in most submarkets, this **has primarily been due to** the conversion of modern office space for predominantly residential use. In contrast, the Helsinki CBD **has seen** an increase in vacancies as tenants relocate to newly developed office space outside the city centre.

In Copenhagen, the office occupancy market **has been more stable** in terms of both rents and vacancies. Despite weak demand, a decline **has been avoided** due to a relatively low quantity of new build and limited speculative development. Given the sluggish rental market for office space, investors **have been focusing** on the residential and high street retail sectors.

Slightly slower activity **has been noted** in the Oslo office market, but this has not led to a rise in the vacancy rate. On the other hand, rents have increased slightly during 2014, while in 2015 a drop has been forecast as a relatively large volume of new office space is expected to enter the market.

In Stockholm, the office rental market has been stable, both in regard to rental levels and vacancy rate. However, take-up has reached record levels, which can mainly be attributed to several major lease transactions in new office development projects during H1 2014.

The Gothenburg office market has continued its robust market trend. Rising rents and a decreasing vacancy rate have encouraged further new office development projects in attractive locations. Projects that were launched on a

speculative basis have been fully let before completion, due to a high demand for modern, efficient office space.

Finally, the Malmö/Lund market has recorded an increase in vacancy rates despite the fact that take-up has increased. For the first time since 2008, the Malmö CBD now has a higher prime rent than the Västra Hamnen submarket.