

Newsec property outlook

—
Spring 2026

Nordic and Baltic Housing Markets:
The Good, the Bad and the Regulated

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What housing systems reveal in times of stress

Residential real estate is often spoken about in aggregates: as a defensive asset class, as a response to urbanisation, or as a beneficiary of long-term demographic trends. Yet when we look more closely, housing is never just a market. It is a system — shaped by regulation, political choices and social priorities — and those systems matter profoundly for how risk, opportunity and outcomes unfold over time.

Across the Nordic and Baltic region, we are reminded that similar macroeconomic conditions can produce very different housing realities. Interest rates rise, construction costs increase, households change their behaviour — but the way each market absorbs these pressures depends less on the shock itself and more on the framework in which it lands. In some systems, adjustment takes the form of queues and reduced mobility. In others, it shows up in vacancy, repricing or halted development. None of these outcomes are accidental.

As someone who has followed residential markets through several cycles, I find the current period particularly revealing. After years of cheap capital and rapid expansion, housing markets are now being tested by higher financing costs, weaker demographics

in parts of the region and increasing political scrutiny. This has not only exposed financial leverage, but also structural design choices that were made decades ago — choices that still shape who can move, where housing is built, and how risk is shared between tenants, investors and the public sector.

Sweden illustrates this tension especially clearly. The strength of its system lies in predictability, stability and institutional continuity. Regulated rents and collective negotiation have delivered low volatility and strong tenant protection over time. At the same time, long queues, low mobility and an inverted rent structure raise difficult questions about access, fairness and long-term alignment with demographic reality. These are not ideological questions; they are practical ones. A system that works well under sustained excess demand is tested when growth slows and margins narrow.

Elsewhere in the region, we see different trade-offs. Norway's homeownership-led model limits rental supply and shifts pressure into prices and taxation. Denmark's mature, market-based rental segments demonstrate how flexibility can coexist with strong tenant protection. Finland's dual system highlights the importance of micro-location and

operational execution as supply cycles turn. In the Baltics, institutional rental markets are still being built — offering opportunity but also requiring patience and discipline.

What connects these markets is not a single outcome, but a shared challenge: aligning housing systems with changing demographics, affordability constraints and investment realities. Regulation is neither inherently good nor bad — but it always has consequences. Understanding those consequences is essential for anyone allocating capital, shaping policy or planning long-term urban development.

This edition of the *Newsec Property Outlook* is therefore not just an overview of residential markets. It is an attempt to explain how housing systems work, why they behave the way they do, and what that means as we move into a more constrained and selective phase of the cycle. In my view, the most resilient markets in the years ahead will not necessarily be those with the least regulation or the highest growth, but those where system design, demographic reality and investment incentives are most closely aligned.



A stylized, handwritten signature in dark ink, appearing to read 'Max'.

Max Barclay
CEO, Newsec

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A New Hope

The first Star Wars movie was called “*A New Hope*”. Perhaps that is an apt title also for this analysis of the macro foundations of the Nordic property markets. In a world with geopolitical worries and volatile financial markets, property markets should be an increasingly attractive alternative; in particular in a region as successful as ours.

Klas Eklund, Chief Strategist på Dahlgren Capital

The European economy has been sluggish for several years, but there is improvement on the horizon. The Nordics (except Finland) are performing better. On the other side of the Atlantic, the US economy still looks strong – despite the trade war. But global financial markets are in a flux. The geopolitical picture is messy, with several possible outcomes regarding tariffs, military adventures and economic sanctions – affecting different sectors and companies in very different ways. The same applies to AI breakthroughs. Hence, some assets are racing, some are struggling, some are crashing. In this complex situation, Nordic property looks like a rather safe asset.

The macro picture

The Euro area shows signs of life after a listless year. Spain and Poland are the stars, while the old main engines – Germany and

France – have been bogged down by perennial structural problems. Manufacturing and household sentiment are gradually improving, but not in a straight line. Public investments in infrastructure and defence are increasing. Of great importance is Germany’s decision to scrap its stern budget rules. These trends will strengthen in 2026, which means stagnation for the continent will turn into growth, albeit slow.

At the same time, inflation has fallen. It is close to the ECB target and will probably remain so. This means that the ECB is rather comfortable and will let its key rate remain stable. Any interest rate risk is on the downside.

In the US, the situation is more complicated. The tariffs imposed by President Trump have not yet caused the damages projected by most economists, partly because the tariff deals are coming in lower than

previously announced. GDP growth is strong, propelled by investments in AI, data centres and energy; the bull market in stocks has also had a strong wealth effect on consumption for the well-to-do. However, the labour market has shown conflicting signals, with weakness during 2025 followed by a surprising rebound in early 2026. At the same time, inflation is still sticky, and part of the tariff effects on prices may simply lag – which means we might see them this year.

This causes a conundrum for the Fed. Hike the fed funds rate against inflation or cut to support the labour market? The White House has pressed the Fed Chair to cut, but Mr Powell has protected Fed independence, backed by many colleagues from other central banks and previous American policy makers. Markets have nonetheless priced in two to three more rate cuts this year, betting on the weak labour market and a new Fed Chair.

Mr Trump has nominated Kevin Warsh for that position. Warsh is proposing lower rates, arguing that AI will boost productivity and put downward pressure on inflation. Thus, he sounds as though he would push for the kind of soft monetary policy the President wants. However, Warsh has also argued for a smaller balance sheet for the central bank; and in his previous stint on the Fed board, he was regarded as hawkish.

Thus, it is not evident that the future Fed leadership will move as fast as the President hopes. It is an open question how the whole Open Market Committee will vote. It is also possible that monetary policy will be a bit tighter than the market expects if the bank will reduce its balance sheet. According to Warsh, this will open the door for more rate cuts. However, several economists believe it could complicate monetary policy as it may drain the system of liquidity at crucial times and also push long bond yields higher.

The geopolitical picture

Many hoped that geopolitics in 2026 would be calmer than last year. That was wrong. In just one month, President Trump has lashed out against Venezuela, threatened Cuba, insulted Denmark and Europe, stating he “needs” Greenland – and now seems to be preparing a strike against Iran. New tariff threats have

been hurled at rivals and allies alike – and then taken back.

Exasperation with Trump’s antics has pushed European leaders to heed Mark Carney’s call for more independence from the US and for more co-operation between medium-sized and small states. This will materialise in free trade agreements with other countries than the US as well as a rapid beefing-up of defence and infrastructure. In Carney’s words, this constitutes a “rupture” of the transatlantic co-operation and the beginning of a new world order. *The Economist* recently claimed that the events of this year will shape the next decade.

Important consequences follow. The European countries will trade more with Asia and Latin America. China will benefit as it steps in to fill the vacuums that are created by the US. Many investors will see themselves as over-exposed to US and gradually shift part of their portfolios to other markets. This hurts the dollar more than it hits American stocks. The markets trust corporate America more than the administration.



“Bond yields have stayed elevated despite lower key rates.”

Financial markets

As momentous as geopolitical ruptures may be, most stock indices in developed countries have started 2026 in an optimistic mood. Markets don't see geopolitical threats as threatening profits or valuations, at least not in the short term. The TACO trade has remained dominant.

Nonetheless, there are longer-term threats inherent in TACO. If markets are complacent even with Trump's most outlandish power plays, he may get encouraged to hike the stakes even more – until markets react with a bang. TACO can become quite volatile. Also, a strike on Iran may entail turbulence in energy prices.

Bond yields have stayed elevated despite lower key rates. Term premia have risen. This indicates that fixed income investors are increasingly worried about inflationary effects from trade wars and increasing debt levels. At the same time, the USD has weakened.

Strong profits, combined with expansionary monetary and fiscal policy in the US will contribute to keeping broad segments of the American equity market happy. Still, there has been a noticeable rotation in American assets during the last few months. Healthcare and Energy have beaten the big tech companies. “Value” stocks and midcap have gained. At the same time, fears of disruptive effects from AI are hurting

software companies. We can also see a move out of American assets to Emerging Markets and Europe. Despite rumours, there has not so far been any concerted sell-off of American treasuries – but rather a slower rate in buying new ones. Thus, we will see a continued weakening of the US dollar.

The recent big swings in the silver, gold and bitcoin indicate that markets are in a situation with incalculable uncertainty. Markets are uncertain of where any safe havens may be found. Markets expect Kevin Warsh to be able to push through rate cuts and thus help boost equity markets. But Quantitative Tightening may lead to higher bond yields. Thus, bond yields constitute a risk. A clearer uptick of long bond yields and a steeper yield curve would threaten stocks.

Such a shift would have contradicting effects on the currency: lower key rates will weaken the USD while higher bond yields should strengthen it. The net effect is unclear, but my hunch is that a gradual shift of international investors out of American assets will continue to exert a net downward pressure on the USD.

Japan also constitutes a risk. A more assertive expansionary policy supports stocks but also makes Japanese yields higher. This can lure back international money to Japan, cause a demise of the yen-carry trade, and lower demand for risky assets outside Japan.

Property markets

At the moment, financial markets are highly uncertain of where the world is heading. Equity markets have been propelled by strong profits, low interest rates and hopes for positive productivity effects from AI. However, valuations are high, and an uptick of bond yields would threaten the bull run. A more granular analysis shows that different segments and corporations will be hit in very different ways by geopolitics, bond markets and currency shifts. Bond yields stubbornly refuse to fall; the risk is rather a further rise as economies gain foothold, while debts and supply of bonds increase.

The result is volatility – and a search for alternatives. Markets are frantically searching for safe havens. The metals rally was boosted by clear bubble signs – until it was popped. According to its followers, Bitcoin was supposed to be a complementary asset class, but has been revealed to closely follow other assets, and may well fall even further. So, where will markets look for safer alternatives?

Infrastructure and property could benefit from these circumstances. Property is generally less volatile than equity. Real estate is an inflation hedge through rent and lease resets, which preserve income as property values rise. Both the US and Europe have old and crumbling infrastructures, which need to be upgraded. Energy supply and the grid,

as well as transportation and logistics are growth sectors. Defence will see massive investments – of particular interest are logistics and infrastructure at the intersection between military and civil sectors.

Upgrading the infrastructure is beneficial for much commercial property. Commercial real estate has been performing poorly in recent years. This is an investment opportunity as the investment landscape shifts. Real estate in Europe will be supported by rising real income, private consumption, low inflation and rather stable interest rates.

The Nordics

The Nordic and Baltic economies will all (except Finland) grow faster than the Euro Zone as a whole in 2026. Private consumption and defence spending will be drivers. Key rates will be low and stable; in the high outlier Norway the rate will come down. Geopolitical risks may, however, be an impediment – with the Russian threat along the region’s Eastern border and US provocations against Denmark/Greenland in the West.

Sweden

After years of stagnation, Sweden is taking off. Growth is broad-based. Exports are doing fine, despite tariffs. Household have overcome their fear of inflation, interest rates have come down and real wages are rising. Fiscal

policy is giving strong support through tax cuts. Real disposable incomes will rise by more than 3 per cent in 2026. Savings rates are high and unless new shocks push them up, there is room for reduction. Thus, private consumption should increase strongly. On top of that, government expenditure on infrastructure investments and defence will rise strongly. In total, GDP is set to rise by some 3 per cent.

Usually, the SEK has been weak and volatile during years of stress and financial uncertainty. However, strong Swedish public finances have played an important supporting role while many other nations are struggling with high debts. Last year, the Krona was the best-performing currency, globally, versus the USD. It is reasonable to expect a continued strengthening this year, albeit not as rapid as last year. The strengthening of the SEK helps lowering import prices; lower VAT will also hold down inflation. The Riksbank wants to keep its key rate steady, but the chances of yet another cut are increasing.

In this environment, the property market should continue to recover. Market liquidity will improve, and transactions volume will increase. Rent reform will reduce uncertainty and support new production in the rental residential market. International investors are showing increasing interest in the Swedish market.

Norway

The Norwegian economy is usually the best performer in the Nordic region, but recently it has been wobbly. Big investments in oil and gas extraction which propelled growth after the pandemic are tapering off. Oil prices have been low and their contribution to income growth has diminished. Private consumption has been slow but is now picking up speed, helped by increasing government benefits. Defence spending is also moving up, as are investments in power supply. A particular Norwegian issue is the high wealth and exit tax, which is driving some wealthy Norwegians to leave the country.

High nominal wage growth and high inflation have forced Norges Bank to keep rates higher than in neighbouring countries. The NOK is supported by high interest rates, but low and volatile oil prices have a depressing effect. Looking ahead, the krone should gradually appreciate, which will dampen import prices. As inflation remains high, the central bank does not have much room to cut its key rate – it will remain clearly above those in the other Nordics.

Despite high interest rates, real estate markets have done relatively well. Transaction volumes have increased. Real wage growth has supported residential and retail property. Housing supply has been poor and construction low, which helps house prices.

“Upgrading the infrastructure is beneficial for much commercial property.”



Denmark

In recent years, Denmark has shown strength, courtesy of competitive exports (agriculture, shipping, pharmaceuticals), strong public finances, low inflation and low interest rates. GDP growth has for several years been the strongest in the region. The exchange rate of DKK is tied to EUR, which normally means that the central bank shadows ECB. Due to recent Danish strength, the Nationalbank has chosen to keep its key rate clearly below the ECB. Low inflation and low rates have further supported consumption and construction. So, Denmark has been in a virtuous circle.

The immediate future looks shakier. The Trump administration wants to (one way or the other) acquire Greenland.

At the same time, Denmark's most successful company Novo Nordisk has experienced a sharp fall on the stock market. The latter will have negative wealth effects and be a drag on consumption – but impossible to say how much.

The American pressure is causing both inflows and outflows of currency. New uncertainty and Trump unpredictability are therefore making it more difficult to nail any economic forecasts. The main take is nonetheless that increased uncertainty will have a net weakening effect on the DKK; consequently, Denmark's Nationalbank will need to cut the negative spread to the ECB rate.

Last year, foreign investors showed increasing interest in the Danish property markets, reflecting confidence in Danish strength and relative value. Despite the geopolitical pressure, this trend should continue in 2026.

Finland

In recent years, the Finnish economy has suffered from structural problems. Population is ageing, unemployment is the highest in Europe and shows no signs of falling back. Manufacturing is stuck with poor competitiveness and low inflow of new orders, households are pessimistic, and high savings are holding back consumption. At the same time, the public sector suffers from budget deficits which hamper necessary investments. Still, defence buildup against the aggressive Russian neighbour is both costly and necessary – and this will squeeze other public expenditure.

Inflation has been far below the ECB target. In this situation, monetary stimulus

would be both justified and positive, but since Finland is a member of the currency union, interest rates are set in Frankfurt and do not pay special consideration to Finland. Monetary policy has consequently been a drag on the Finnish economy. Still GDP is expected to rise, as households' real income will grow. Economic growth will still be slower than in neighbouring countries.

Construction is sluggish, due to poor demand. Real estate investment, however, is gradually recovering. Transaction volume is rising, with increasing inflow of international investors who see the present situation as a buy opportunity.

The Baltics

The three Baltic economies are converging towards decent GDP growth of around 2,5–3 per cent. Inflation is higher than in the Euro area, but key rates are set in Frankfurt, which makes monetary policy in these countries expansionary. All three feel the threat from Russia and need to build up defence structures further. Public expenditure is consequently a growth factor.

Lithuania

Lithuania shows the strongest growth in the region. The expansion is broad, based both on private consumption, exports, investments and government expenditure.

Part of the consumption is due to one-off effects of pension reform, meaning that growth will fall back some in 2027. Strong consumption will keep inflation high; nominal wage growth is coming down from high levels but are still high above inflation.

Low interest rates, strong consumption and pension reform strengthen residential property and house prices. Investment and transaction activity are moving up

Latvia

After a couple of weak years, the Latvian economy is recovering. Investments are increasing both in manufacturing and the public sector, supported by EU funds. Consumer confidence is improving, and real wages grow strongly; as a result, private consumption will also help. Inflation is coming down but will still stay above the ECB target in 2026. Rapid nominal wage growth will – again – be the main threat to low inflation. The low ECB key rate will stimulate credits and leverage.

Real estate investments have rebounded as confidence has improved, and property gives predictable cash flows. Residential construction is increasing but demand still outpaces supply, supporting price growth.

Estonia

Estonia is also picking up speed after some weak years. Exports are doing so-so,

hampered by weak demand in big trading partners like Finland and Germany, but as production in the Nordic construction sector improves, exports of Estonian components and supplies are expected to pick up speed. The main driver behind the improvement is domestic demand. Real disposable income is increasing, courtesy of falling inflation and tax cuts. Unemployment is falling. As a result, private consumption is rising sharply this year. The public sector contribution to demand is also positive, courtesy of a growing budget deficit.

The commercial real estate market is growing, thanks to supportive financing conditions. However, the market is dominated by small domestic transactions and process are still depressed.

All in all

We live in a messy world. Nonetheless, the macro picture in Europe is slowly brightening, and the Nordic-Baltic region stands out as one of the brightest – unless Trump & Putin will ruin the party again. When financial markets are uncertain and turbulent, many investors will look for less risky assets. Nordic property is a worthy target. A new hope, after all?

“Nordic property is a worthy target.”

The Good, the Bad and the Regulated:

Nordic and Baltic Housing Markets





Residential real estate across the Nordic and Baltic region is often discussed as a coherent asset class, yet the underlying housing systems differ significantly from country to country. The way rents are set, how supply responds to demand, and how housing shortages are managed vary widely, leading to materially different market outcomes despite similar macroeconomic conditions.

In some markets, rental housing is shaped by collective negotiation and long-standing regulatory frameworks, where excess demand is absorbed through limited mobility and long waiting times rather than higher rents. In others, rent levels are more directly linked to market conditions with affordability, vacancy and construction cycles playing a greater role in balancing supply and demand.

These structural differences matter because they determine how pressure builds when conditions shift. The same shock,

whether rising interest rates, changing household behaviour or demographic shifts, can produce very different consequences: from queues to vacancy spikes, from stable rent rolls to rapid repricing. As a result, residential markets that appear comparable at a headline level can behave very differently in practice.

This edition of the Newsec Property Outlook explores these distinctions. Each country chapter that follows examines how national housing models influence rent formation, allocation and long-term resilience. By understanding how systems are designed – and what trade-offs they imply – we can better interpret both current market conditions and future developments across the region.



Sweden:

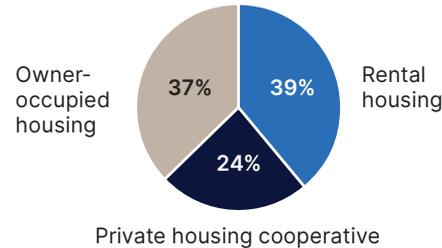
A regulated market with predictable outcomes – and structural constraints

The Swedish residential market is widely recognized as highly institutionalised, rule-based and politically embedded. The country combines political stability, strong institutions and a liquid property investment market with persistently high housing demand in its main growth regions. What is less intuitive, however, is how deeply the regulatory framework shapes not only rent levels, but also who gains access to housing, where people live, and how mobility functions over time. To understand outcomes such as residential mobility, vacancy risk, affordability and political exposure, it is therefore essential to examine how the system itself is designed. This institutional design has historical roots in the post-war “Folkhemmet” model, which sought to ensure equitable access to housing across social groups. The system was built on the implicit assumption of sufficient housing supply and relatively homogeneous household structures — conditions that have gradually shifted over time.

Tenure structure: three parallel housing models

Housing in Sweden is commonly described through three parallel tenures. Owner-

EXHIBIT 1: Tenure types across all housing types in Sweden



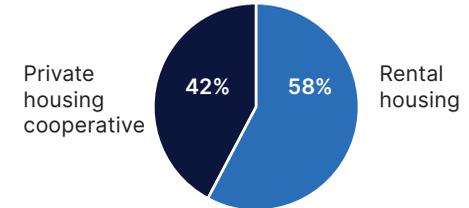
Source: Statistics Sweden

occupied housing, primarily detached and terraced houses, functions largely as in other countries, with prices set through open market transactions. Apartment ownership is dominated by private housing cooperatives (*bostadsrätt*), where households purchase a share in a housing association that grants them the right to occupy a specific unit. While legally distinct from freehold ownership, this model operates in practice much like owner-occupation.

The third tenure, rental housing (*hyresrätt*), is where Sweden’s most distinctive institutional features emerge. Here, the landlord, whether municipal or private, owns and manages the building, while tenants enjoy strong security of tenure and extensive legal protection.

The rental sector plays a central role in the Swedish housing system and represents the

EXHIBIT 2: Tenure types in multi-family residential buildings in Sweden



Source: Statistics Sweden

most common apartment asset type. Unlike many European countries, Sweden does not operate a clearly separated national social housing sector. Instead, regulation is applied broadly across the mainstream rental market. This “unitary” model means that rules intended to protect vulnerable households also govern large parts of the institutional and privately owned rental stock, with significant implications for pricing, allocation and investment incentives.

Rent formation: utility value, collective bargaining and the role of the Tenants’ Association

At the heart of the Swedish rental system lies the utility value principle (*bruksvärde*). For all rental housing built before the mid-2000s,

rents are not set unilaterally by landlords. Instead, annual rent adjustments are determined through collective negotiations between property owners and the Swedish Union of Tenants (*Hyresgästföreningen*), a central and powerful player in the system. The Swedish Union of Tenants represents tenants in negotiations at both national and local level, and plays a decisive role in shaping annual rent outcomes across the country.

The negotiated rent is anchored in the perceived utility of the dwelling—factors such as size, standard and technical qualities (notably, not much weight is given to location – more on that later) – rather than in what the market would otherwise be willing to pay. In practice, this is operationalised through a normative rent benchmark, often described as a reference rent for a hypothetical three-room apartment of 77 square meters, from which individual rents are adjusted up or down based on measurable differences. Apartments that are considered comparable in utility are expected to carry similar rents.

This framework explains a core characteristic of the Swedish market: rents cannot be raised freely or opportunistically. Negotiation is the default mechanism, and the system is explicitly designed to constrain unilateral pricing. For tenants, this provides predictability and protection against sudden rent shocks. For investors, it produces relatively stable income streams but limits the

degree to which rents can respond to changes in demand.

New production: presumption rents and regulatory recalibration

The rigidity of the utility value system has posed challenges for new construction. As construction costs increased over time, it became increasingly difficult to develop new rental housing within the traditional framework. To address this, a special regime for newly built rental housing, presumption rents (*presumtionshyra*), was introduced in 2006.

Under this model, rents in new developments are negotiated based on production costs, allowing for higher initial rent levels than would otherwise be permitted under the utility value system. This system applies for a fixed period, after which the apartment transitions into the broader utility value framework, without an automatic rent reset.

In recent years, the regulatory perimeter around presumption rents has been subject to reinterpretation and political debate. Adjustments to how rent increases are applied during the presumption period, moving these to be more in line with the utility value system, have highlighted that the Swedish rental housing market is shaped not only by negotiation, but also by evolving legal interpretations. Ongoing

legislative discussions suggest a willingness to recalibrate the balance between tenant protection and investment viability, particularly in order to improve predictability for new construction.

Allocation under shortage: the housing queue

If rents do not fully balance housing supply and demand, apartments must be allocated through other mechanisms. In Sweden, this role is primarily played by housing queues. The queue is not an unintended side effect – it is one of the main ways housing is allocated under the current regulations. Access to rental contracts is determined by accumulated waiting time, with individuals typically registering early in adulthood and remaining active in the queue for decades. When an apartment becomes available, interested applicants apply, and the person with most days in the queue is allocated the apartment.

In Stockholm, this mechanism is particularly visible. In 2025, over 20,000 rental apartments were mediated through the municipal housing agency, while more than 900,000 individuals were registered in the queue. The average waiting time for a first-hand rental apartment was approximately 8–9 years, with most of those who obtained a lease having waited between 4 and 12 years.

“Access to rental contracts is determined by accumulated waiting time”

In the most central parts of the city, required waiting times are substantially longer. For inner-city districts such as Östermalm, average queue times typically exceed 20 years, effectively spanning a large part of an adult working life. Access to the most attractive, centrally located rental housing therefore presupposes early and continuous participation in the system.

Importantly, the queue does not operate as a single linear list. Each advertised apartment generates its own ranking among applicants, meaning that queue time interacts closely with rent level and apartment characteristics. In practice, this creates a system where the ability to wait, rather than the ability to pay, determines access to first-hand rental housing.

Tenants who secure a desirable first-hand contract have strong incentives to remain in place, even when they would otherwise prefer to move. This reduces turnover and further tightens availability. Those without access to the first-hand market, including young households and newly arrived residents, are pushed into temporary solutions, peripheral locations, or second-hand arrangements, typically at higher effective cost and with weaker security of tenure.

Distributional outcomes: insiders, age and location

These dynamics underpin the growing criticism of the system's distributional effects. While regulated rents are often defended as socially protective, long queues shift allocation away from need and toward tenure. Time becomes the key currency, and time is unevenly distributed across the population. Older cohorts, who entered the system decades ago, are structurally advantaged.

This has led to a situation where centrally located rental apartments can be occupied at relatively low rents by long-standing tenants, while younger households or households newer to Sweden – regardless of income, employment or origin – face higher housing costs in less attractive locations. This results in an inverted rent structure, where newly built apartments in outer districts command higher rents than older apartments closer to the city centre. The difference is driven not only by quality, but by the persistence of older, regulated lease contracts that keep rents low in central locations.

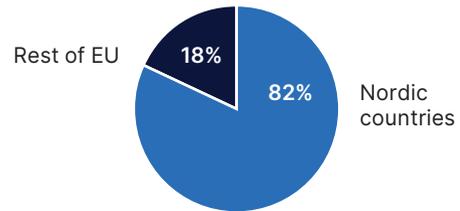
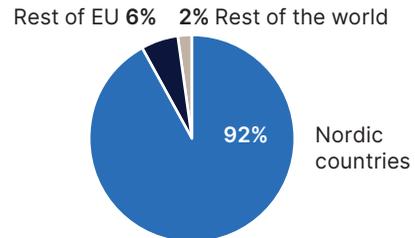
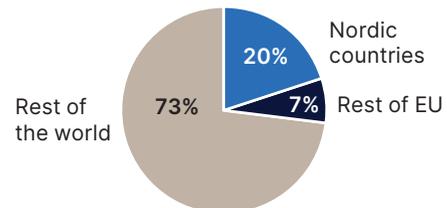
Case illustration: central versus peripheral outcomes

This pattern is also visible when comparing actual residential outcomes across different locations. Newsec has reviewed several

EXHIBIT 3: Map and table of comparison case



Property	Private housing cooperative Östermalm	Rental property Östermalm	Rental property Järfälla
Average apartment size, sqm	153	56	54
Average sqm per resident	98	50.3	40.0
Median yearly income, SEK	608,000	520,600	347,800
Average yearly income, SEK	801,400	545,500	314,300
Median age	59	60	33
Rent per sqm	-	1,890	2,970
Normative rent per sqm	-	1,750	2,690
Actual monthly rent for a 60 sqm one-bedroom apartment (2:a in Swedish), SEK	-	9,470	14,860

EXHIBIT 4: **Origin of residents in the private housing cooperative in Östermalm**EXHIBIT 5: **Origin of residents in the rental property in Östermalm**EXHIBIT 6: **Origin of residents in the rental property in Järfälla**

comparable cases across the Stockholm region; one illustrative example to the left highlights how rent regulation and queue-based allocation translate into materially different social profiles depending on location, tenure and rent regime. While individual outcomes vary, similar patterns are observed across comparable cases reviewed by Newsec in the Stockholm region.

Despite differing tenures, the two Östermalm properties – one rental and one cooperative right next to each other – show striking similarities in resident profiles. Median income levels are high and closely aligned, and median age is around 60. The resident population is overwhelmingly native-born. Whether access is obtained through long-standing rental contracts or through ownership in a cooperative, the socio-economic outcome in central locations converges toward older, established, high-income households.

The contrast becomes evident when the inner-city rental property is compared with the regulated rental property in Järfälla, two buildings that look very similar in terms of apartment size on paper. In the latter, median income is materially lower, residents are significantly younger, household sizes are larger, and the demographic composition is far more diverse, with a majority of residents having foreign backgrounds. Notably, despite the weaker location and lower average incomes, the rent per square meter

is substantially higher than in the centrally located Östermalm rental property. Similar buildings, but two different worlds.

Segregation as an outcome, not a policy goal

Beyond affordability, this pattern has clear segregation effects. When access to low-rent, centrally located housing is determined primarily by accumulated queue time, socio-economic and demographic profiles tend to stabilize rather than mix. Prime inner-city areas become increasingly closed to younger households and newcomers, while households with shorter tenure in the system – disproportionately immigrants and recent entrants to the labour market – are concentrated in outer districts and newer developments.

Over time, this allocation mechanism reinforces geographical sorting by age, income and origin, even though the system itself is formally tenure-neutral. The result is not segregation by design, but segregation by outcome: central locations remain demographically static, while population growth, diversity and household turnover are absorbed in peripheral areas. This limits residential mobility across neighbourhoods and reduces access to opportunity-rich environments, such as central labour markets, education hubs and public services.

“Prime inner-city areas become increasingly closed to younger households and newcomers”

Demographics and the limits of the current model

A further dimension that increasingly challenges the sustainability of the current rental model is the demographic development. Sweden’s population growth is slowing, household formation patterns are changing, and several peripheral submarkets already face weaker demand dynamics than the inner cities. In such an environment, today’s inverted rent structure becomes harder to sustain. When centrally located apartments are subject to regulated rent increases while new suburban units are priced according to production costs, the system depends on continued excess demand

throughout the market. Without persistent demand pressure, the imbalance becomes difficult to maintain.

If demand in outer districts softens, the ability to let newly built rental housing at high presumption rents may come under pressure, particularly as younger households face affordability constraints and household sizes continue to decline. At that point, the system’s internal inconsistencies become harder to sustain: higher rents in less central locations are no longer absorbed by demand, while low-rent, centrally located housing remains locked behind long queues. From a demographic perspective, this raises the risk that today’s allocation model becomes

increasingly misaligned with actual housing needs and market conditions.

Against this backdrop, discussions around reform are likely to intensify – not necessarily driven by ideology, but by practicality. As demographic trends reduce the margin for error, pressure may build to reassess how rents adjust, how allocation functions, and how mobility can be improved without undermining the system’s core stability. In this sense, demographics do not just influence demand – they may ultimately determine how long the current system can remain in place without major structural changes.

These demographic pressures are illustrated in Exhibit 7 and 8. Exhibit 7

EXHIBIT 7: Future population, with and without immigration (index = 100)

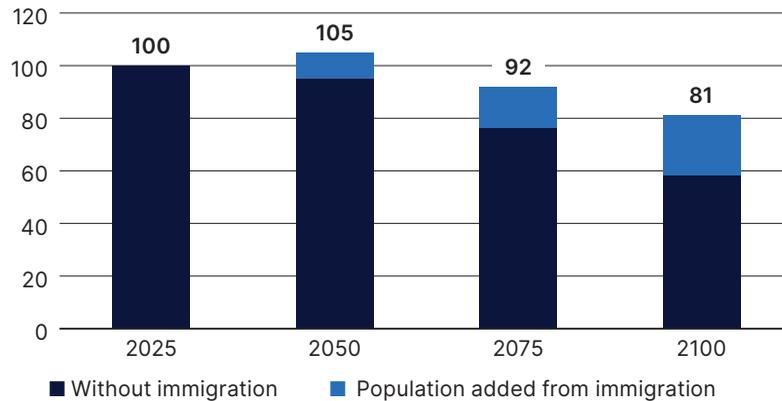
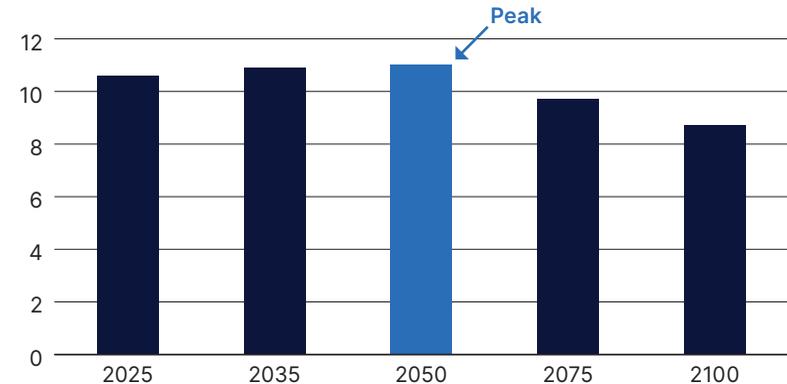


EXHIBIT 8: Future population (million people)



illustrates the estimated relative population size over three generations (≈ 75 years) starting from index =100 today (2025), assuming a continued fertility rate of 1.43. The dark blue portion shows the remaining population without net immigration, where the cohort shrinks materially over time, while the lighter blue segment shows the additional contribution if net immigration remains at roughly 2024 levels ($\sim 30,000$ per year). Exhibit 8 illustrates Sweden's long-term population trajectory under the same assumptions, indicating a peak around mid-century followed by a gradual decline – and, in a no-immigration scenario, an end-of-century population approaching roughly half of today's level.

It is important to note that demographic developments could turn out both more favourable and more adverse than assumed in exhibit 7 and 8. In the government's more pessimistic long-term scenario, where fertility declines further and net migration remains at low levels, Sweden's population could fall to approximately 6.2 million inhabitants by 2100. While this outcome is more adverse than the assumptions underlying Exhibits 7 and 8, it should not be dismissed. At the same time, a recovery in fertility rates or higher net migration would lead to a more positive population trajectory. The further decline in birth rates during the first half of 2025, following already

historically low levels in 2024, nevertheless underscores that demographic downside risks remain tangible rather than theoretical. Taken together, the figures underline that the housing system's internal frictions – long queues, low turnover and high cost-based rents in parts of the suburban new-build stock – become more exposed as demographic momentum weakens outside the most supply-constrained central submarkets.

A system under growing scrutiny

From an integration perspective, the implications are significant. When it takes decades in the housing queue to access central, opportunity-rich neighbourhoods, living in the country for a long time becomes a de facto condition for entry. Newly arrived residents – and young households more broadly – cannot realistically compete within the first-hand market.

For investors and policymakers alike, Sweden's rental system represents a carefully calibrated balance. It offers a high degree of predictability, institutional continuity and policy commitment – characteristics that are particularly valuable from a long-term investment perspective. While this structure influences mobility patterns and the pace at which supply adjusts, it also provides a stable framework within which risks are gradual, visible and largely political rather than

market-driven. Understanding how this balance is maintained is therefore central to assessing both the resilience of the Swedish residential market and its long-term trajectory.





Norway:

A homeownership-led market with a shrinking rental supply

The Norwegian housing market is in a distinct position compared with its Nordic neighbours in that the rental sector is relatively small. Since the post-war period, there has been cross-party political consensus in favour of promoting homeownership. Through favourable tax treatment of owner-occupied housing, this policy has resulted in a consistently high homeownership rate, with close to 80% of the population owning their own home at any given time.

On the supply side, the Norwegian rental market is largely characterised by small-scale landlords. A substantial share of rental housing is provided by private individuals who either let a secondary unit within their own home or own a limited number of rental units. The proportion of tenants renting from private individuals has remained persistently high over time at approximately 70%. The remainder of the market is supplied by municipalities, student welfare organisations, and professional or commercial rental housing providers.

Over the past year, higher mortgage rates, upward revisions of assessed property values for wealth tax purposes, and an increase in the wealth tax rate have made residential

letting historically costly. As a result, many investors have opted to divest their rental properties. This is particularly evident in Oslo, where the number of privately owned secondary homes has declined with approximately 20% since the peak in 2019.

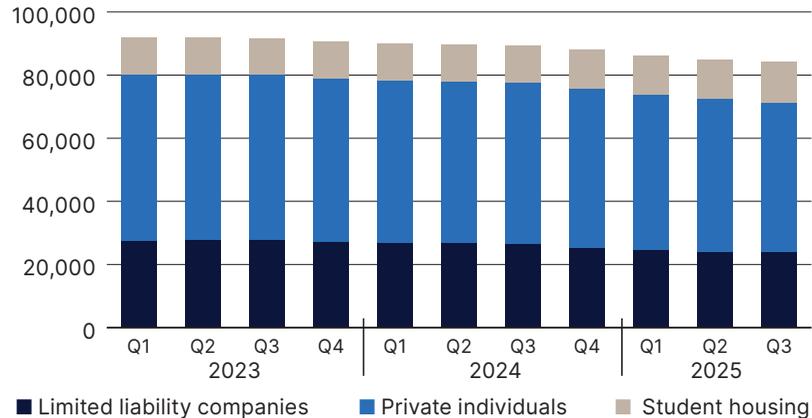
Institutionally owned housing has also fallen, mainly due to a decline in units held by limited liability companies, down by 15% since YB 2023. For professional investors, returns are further weakened by the fact that residential properties are not eligible for depreciation, in contrast to commercial property with less than 50% residential use.

The student housing sector also remains relatively small. In 2025, the national coverage ratio was 15%, slightly up from 2024, but still below the national target of 20%. Reaching this target, equivalent to housing one in five students, would require approximately 13,800 additional units. Coverage is particularly low in Oslo and larger cities such as Bergen and Stavanger.

Core mechanics in the rental market

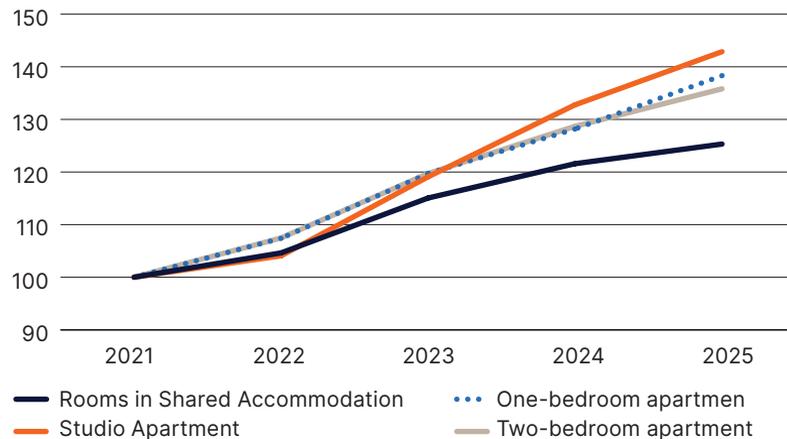
The Norwegian rental market is largely market-based. At the commencement of a lease, rents are set according to what tenants are willing to pay. However, rent increases during the contract period are regulated: rent may only be adjusted once per year and

EXHIBIT 9: Number of Rental Units by Investor Type



Source: Norges eiendomsmeglerforbund

EXHIBIT 10: Indexed Rental Growth in Oslo



Source: Hybel.no

cannot exceed the increase in the CPI. In addition, after three years of tenancy, either party may request an adjustment to market rent.

Student housing is primarily provided by student welfare organisations, which operate on a non-profit basis. Rents are determined according to the cost-recovery principle rather than market levels, meaning that they are set to cover documented costs related to financing, operation and maintenance, as well as a limited and predefined return on equity. When constructing student housing, it is common to receive a state investment grant, which reduces capital costs and directly contributes to lower rent levels. While no explicit rent ceiling per square metre exists, the cost-recovery requirement effectively functions as a cap on rent levels.

Rents in municipal housing and elderly care housing are also largely based on the cost-recovery principle. In some cases, socially determined rents apply, whereby tenants pay according to their ability to pay.

Investable residential segments

The residential segment has historically represented a relatively small share of the commercial real estate transaction market in Norway. However, in recent years, there has been increased activity in both apartment

building transactions and residential development projects.

In the former, as previously noted, high interest rates and an unfavourable tax development have prompted several investors to exit the segment. Since summer 2024, additional momentum has come from uncertainty surrounding the future of the housing cooperative conversion model (borettslagsmodellene), which enables the shielding of latent tax through the purchase and sale of shares (under the exemption method) followed by a sale to a newly established cooperative. Property owners without the desire or expertise to carry out such conversions themselves have taken the opportunity to sell their assets ahead of a regulatory shift. Conversely, some investors have viewed this as a short-term window to exploit the tax advantage before it disappears. In such situations, buyers typically receive a discount of 15–20% compared to the sales price in the secondary market. This, combined with expectations of strong price growth, has made the segment significantly more liquid in 2025 than in previous years.

As the residential rental sector in Norway is relatively small, it is uncommon to see pure residential rental blocks being transacted. In the largest and most prominent transactions in 2025, KLP has been the buyer. KLP, together with other institutional investors,

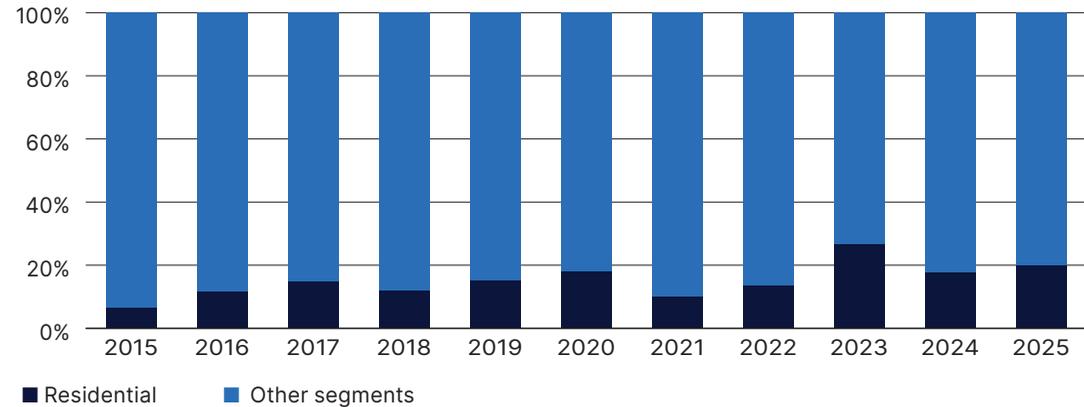
“The transaction market for residential development projects has also expanded in recent years”

is not subject to wealth tax, perceives the current market discount as attractive, and is able to accept low initial yields in anticipation of stronger long-term total returns, supported by expected rental and price growth. In early 2025, Newsec acted as adviser in the transaction of Selma Ellefsens vei 9, a rental apartment building comprising 198 units located at Ulven, outside central Oslo. The acquisition by KLP established a prime yield for residential rental assets at 4.00%.

Over the past year, Newsec has also acted as sell-side adviser in several transactions involving student housing and care homes. Investor interest has been very strong, with double-digit numbers of bidders in several processes. This has resulted in sharp pricing, with yields reaching the low 4% range.

The transaction market for residential development projects has also expanded in recent years, driven by an increased number of non-voluntary divestments and a more opportunistic, yet selective, investor base. High interest rates, a weak new-build market, and upcoming capital commitments have made it costly to hold land without cash flow, prompting more owners to divest. At the same time, demand has been strong for centrally located projects in Oslo and other major cities, supported by expectations of housing shortages and long-term price growth. Interest in peripheral locations, on the other hand, has remained limited.

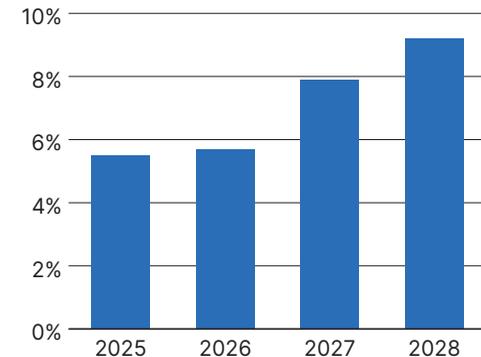
EXHIBIT 11: Transaction Market Segment Distribution in Norway



Source: Newsec

Newsec has been a leading adviser in this segment, setting new benchmarks for land charge. In 2024, Newsec advised on the sale of Frøen Hage near central Oslo, achieving a record land charge of approximately NOK 80,000 per square meter, and in 2025 again recorded the year’s highest land charge through the sale of a major residential project in Nydalsveien.

EXHIBIT 12: Expected Annual Housing Price Growth in Oslo



Source: Samfunnsøkonomisk Analyse

Denmark:

A mature rental market shaped by urban concentration

Urban demand remains strong as supply tightens

Denmark’s residential rental market is one of the most mature and institutionally investable in the Nordic region. Population growth remains steady, supported by continued urbanisation and long-term demographic trends. In 2024, the population increased by around 31,500 people, bringing the total to approximately 6.0 million by mid-2025. Growth is broadly distributed across the country, but housing demand has risen faster than population as household sizes continue to decline and urban concentration intensifies.

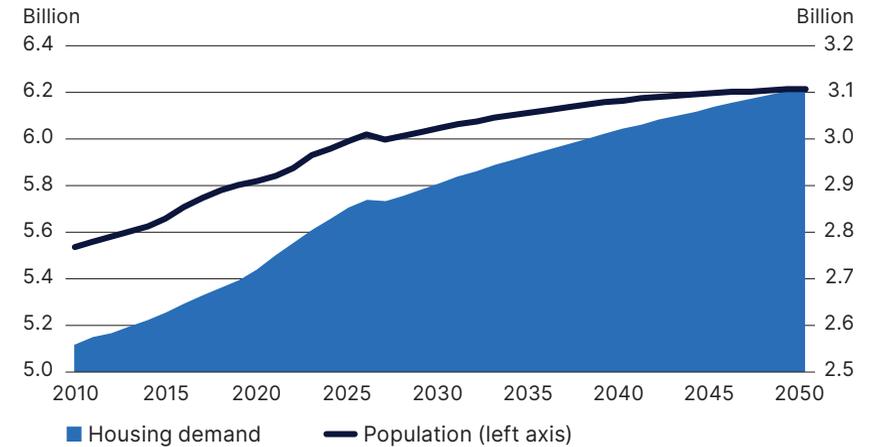
Demand for rental housing is strongest in cities and is driven by a combination of smaller households, a large and mobile student population, inward migration and a later transition into owner-occupation. High income levels and a comprehensive welfare system support affordability and contribute to low tenant default risk, reinforcing the defensive characteristics of the sector.

Geographically, the market is highly concentrated. Greater Copenhagen dominates Danish residential demand, development and

investment activity, accounting for more than half of the national market. Vacancy rates are structurally low, rents are the highest in the country, and demand remains robust across both central and suburban locations. As affordability pressures increase in the inner city, demand is gradually shifting toward well-connected suburban municipalities. Aarhus represents the primary secondary market, underpinned by a large university population, continued population growth and a diversified labour market. Other cities, such as Odense and Aalborg, function mainly as regional rental markets with stable fundamentals but more limited institutional relevance.

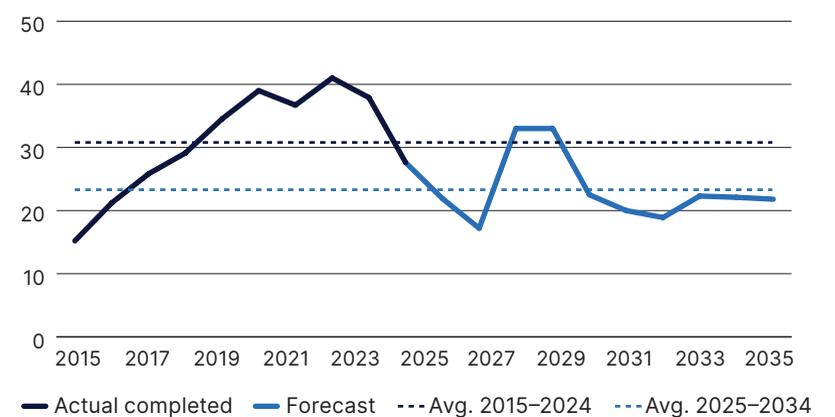
While demand has remained strong, residential construction activity has declined sharply. Around 28,000 residential units were completed nationwide in 2024, a year-on-year decline of approximately 27%, and housing starts remain at historically low levels. This has widened the gap between housing demand and new supply, particularly in Copenhagen, where the effects are most visible. As a result, vacancy rates remain low and rent pressure persists. Market-based rental segments have continued to see rent growth through 2025, with the strongest increases in prime urban locations. Elevated construction costs, constrained supply and a growing focus on energy efficiency and ESG standards are shaping current market dynamics.

EXHIBIT 13: Danish population and requirement for homes (2010–2050)



Source: Statistics Denmark, Newsec.

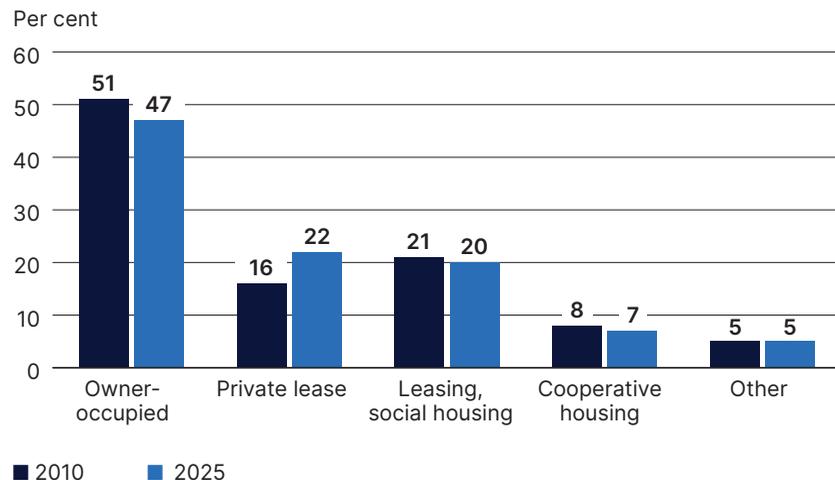
EXHIBIT 14: Completed residential units in Denmark 2015–2035 (1,000)



Source: Statistics Denmark, Newsec.



EXHIBIT 15: Danish housing by ownership 2010 and 2025



Source: Statistics Denmark.

A tenure system built on ownership, rental and cooperatives

The Danish housing system is built around three main tenures: owner-occupied housing, rental housing and cooperative housing (andelsboliger). Owner-occupation remains the largest category, although its share has declined modestly over time as private rental housing has expanded. Rental housing is predominantly located in multi-family buildings in urban areas, while cooperative housing plays a significant role in larger cities, particularly Copenhagen, through a regulated, share-based ownership model.

Rental housing ownership is split between municipal and non-profit housing associations, private landlords and institutional investors. Institutional ownership is primarily concentrated in newer, larger multi-family properties in major cities, where scale, quality and modern standards align with investment requirements.

Rent setting defined by property age and modernisation

Rent setting in Denmark is closely linked to property age and the degree of modernisation. Older properties are typically subject to cost-based or comparison-based rent regulation, resulting in rents below market levels. Most residential properties

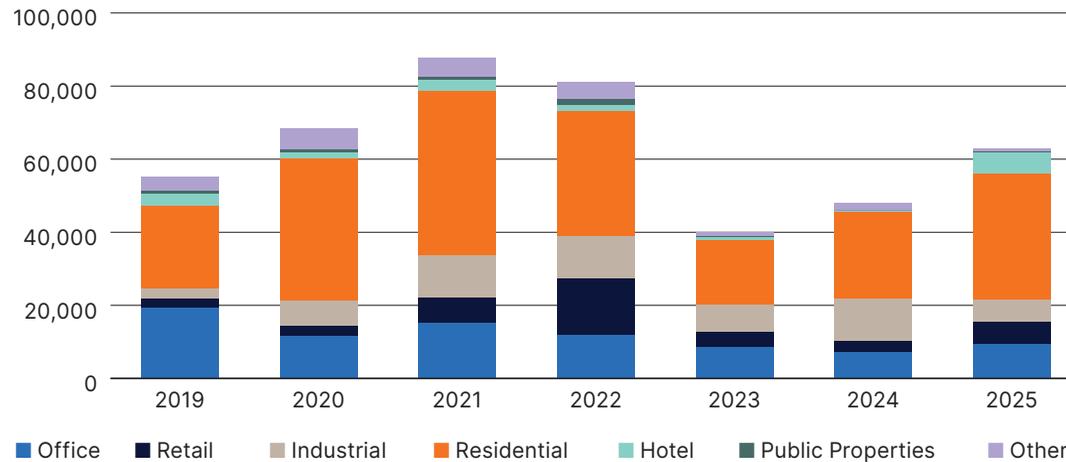
completed after 1991 fall under free rent setting, where rents are agreed between landlord and tenant and adjusted in line with market conditions. This segment offers the greatest flexibility and is the core focus for institutional investors.

In regulated properties, thorough modernisation can allow for higher rents, provided strict investment, energy-efficiency and procedural requirements are met. Residential leases are generally open-ended and characterised by strong tenant protection. Housing allowances play an important role in supporting affordability, while allocation systems and waiting lists are primarily relevant within the non-profit housing sector rather than the private market.

Institutional focus on market-based multi-family housing

From an investment perspective, multi-family rental housing with free rent setting represents the core investable segment. It has accounted for a substantial share of total property transaction volume in recent years and offers market-based rents, predictable income and institutional scale. Investment activity is heavily concentrated in Greater Copenhagen, which typically represents around half of residential transaction volume. Build-to-rent developments and forward-funded projects remain common entry routes.

EXHIBIT 16: Transactions in Denmark 2019-2025 (DKK m)



Source: Newsec

Student housing forms a secondary investable segment, supported by large student populations in Copenhagen and Aarhus and characterised by high occupancy and stable demand. Micro-living and co-living remain smaller niches but align with long-term urban demand trends, particularly in Copenhagen, driven by single-person households, ageing demographics and demand from young professionals and expatriates. Regulatory constraints, however, continue to limit the supply of smaller units. Other segments, such as senior housing and

affordable housing, are present but offer more limited opportunities for private capital.

Policy interventions remain targeted and temporary

Housing affordability remains a central policy issue, particularly in larger cities. During 2022-2023, a temporary cap limited annual rent increases for unregulated leases to 4%, illustrating the authorities' willingness to intervene during periods of elevated inflation. The measure has since expired, and affordability policy continues to focus

primarily on housing allowances and support for the non-profit housing sector rather than permanent changes to rent-setting mechanisms.

A political agreement from 2021 allocates approximately DKK 10 billion to affordable rental housing construction between 2022 and 2035, mainly within the non-profit sector. No new rent control measures are currently proposed. The 2023 property tax reform is well known and largely reflected in pricing.

Stable near-term outlook supported by low vacancy

Looking ahead, the 12-24 month outlook for the Danish rental market remains stable. Rent growth is supported by low vacancy rates, limited new supply and sustained urban demand, particularly in market-based segments. Construction activity is expected to remain subdued in the near term, reinforcing supply constraints.

Key opportunities lie in market-based multi-family assets in core urban locations, energy-efficient buildings and well-connected suburban properties benefiting from affordability-driven demand shifts. The main risks relate to potential temporary political intervention, persistently high construction costs and broader macroeconomic uncertainty.

Finland:

A dual rental market adjusting after a strong supply cycle

A mature market entering a more selective phase

Finland has one of the most institutionally investable residential rental markets in the Nordic region, characterised by a clearly defined dual structure: a market-based private rental sector alongside a large, state-supported cost-rent system. Around 36% of households live in rented dwellings, with

demand structurally concentrated in the Helsinki Metropolitan Area (HMA), Tampere and Turku.

The current phase of the market reflects an adjustment following a period of elevated residential construction. New supply has softened occupancy and rent growth in selected submarkets, while the underlying drivers of demand – urbanisation, internal migration and a large student population – remain intact. As a result, performance dispersion is now primarily driven by micro-location and asset quality rather than national trends. In the near term, returns are shaped less by headline rent growth and

more by affordability positioning, leasing performance and operational execution.

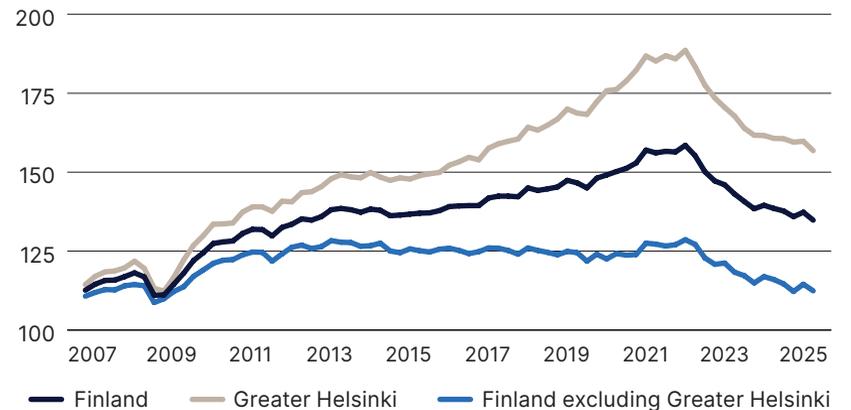
Demand anchored in urbanisation and rental affordability

Finland's rental market is mature, transparent and highly institutionalised by European standards. Residential assets represent one of the largest components of the professional property investment universe and remain a core allocation for both domestic and international investors.

EXHIBIT 17: Building production in Finland



EXHIBIT 18: Prices of old dwellings in Finland



Demand is supported by continued urbanisation, migration toward established growth hubs, and affordability constraints that extend rental tenure even among higher-income households. University cities benefit from structurally strong student demand, while labour mobility and demographic change underpin long-term rental needs.

From an investability and liquidity perspective, the market is concentrated in the Helsinki Metropolitan Area, Tampere and Turku. Importantly, HMA should not be viewed as a single homogeneous market: performance varies materially between mature inner-city districts and transit-oriented locations on the one hand, and newer expansion areas on the other. The current environment is defined by supply-driven vacancy in selected submarkets, divergence between market-based and subsidised rent development, a sharp slowdown in new construction, and continued institutional relevance of the residential sector.

How the rental system works: two parallel frameworks

Finland’s housing system consists of owner-occupied housing, market-based rental housing, state-supported rental housing, and right-of-occupancy housing. For investors, the critical distinction lies between the private

EXHIBIT 19: Annual change in rents 2015-2025, index (2015=100)

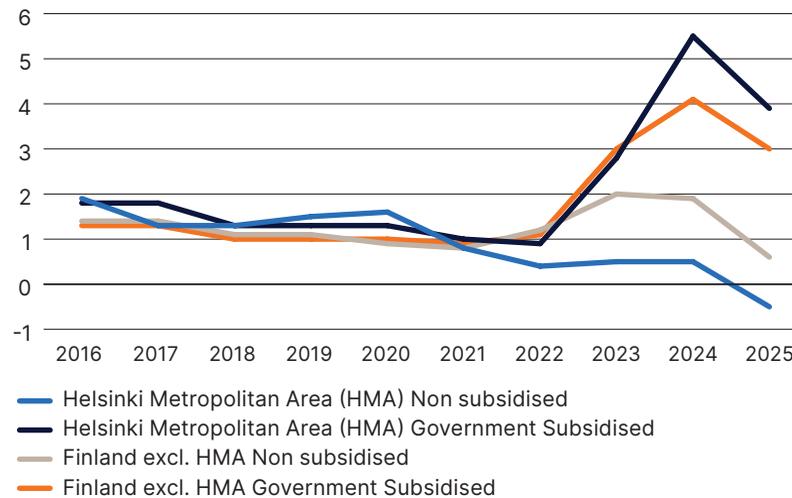
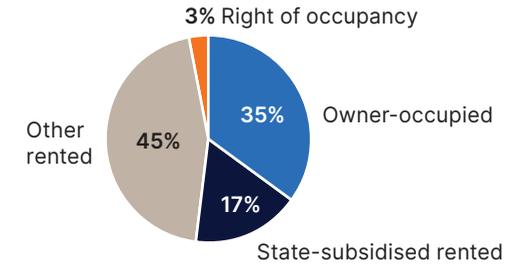


EXHIBIT 20: Household-dwelling units by tenure status, block of flats, Finland



rented sector and the state-supported cost-rent segment.

Ownership structures are diverse. Market-based rental housing is held by private individuals, professional landlords such as funds, insurers and listed or unlisted residential platforms, while municipal housing companies dominate large parts of the state-supported sector alongside specialised non-profits and housing associations.

In the market-based rental segment, rent increases are only permitted if the

lease includes a valid rent adjustment clause. Indexation is contractual rather than automatic, making lease structure and renewal discipline central to income growth. In state-supported housing, rents follow cost-based principles and are subject to stricter governance and allocation rules.

Both fixed-term and open-ended leases are common, and tenant protection is strong. Security deposits typically range from one to three months’ rent. This framework supports cashflow stability but limits rapid

“Affordable and state-supported housing can be investable through specific structures and counterparties”

repositioning, placing greater emphasis on asset selection and operational management.

Investable segments shaped by location and execution

Multi-family rental housing within the private rented sector represents the core investable segment in Finland. Institutional-scale assets are concentrated in growth cities, with liquidity strongest in HMA, Tampere and Turku. Current underwriting places particular emphasis on micro-market supply risk, unit mix and affordability, and the operational capability of landlords to manage leasing and tenant retention.

Student housing is investable primarily through specialised platforms and partnerships, with structurally supported demand in major university cities. Risk and return profiles vary depending on proximity to campuses and transport, rent affordability and the local development pipeline.

Senior housing and assisted living often overlap with the public and healthcare real estate sector rather than pure residential. Here, investment analysis focuses on operator strength, public funding exposure and long-lease structures. Co-living and micro-living remain niche segments, typically appearing as smaller unit formats or concept-driven urban infill. While institutional interest is

growing selectively, scale remains limited compared to traditional multi-family housing.

Affordable and state-supported housing can be investable through specific structures and counterparties, but with distinct constraints related to regulated rents, allocation criteria and governance. Understanding the role of state-supported financing and municipal involvement is central to assessing risk and return in this segment.

Build-to-rent and forward-funded developments played a significant role in the previous cycle. Going forward, activity is more selective as construction economics and financing conditions normalise. Conversions and refurbishments – such as unit upgrades, energy retrofits and repositioning – can be relevant where assets are located in resilient rental nodes and where capital expenditure translates into occupancy stability and tenant retention.

Regulation, contracts and predictability

From an investor perspective, key regulatory considerations include contractual rent indexation mechanics, strong tenant protection, ongoing reforms in state-supported housing governance, changes to housing allowance schemes, and increasing sustainability-related capital expenditure

requirements. Regulatory risk is generally moderate and predictable, but operational and contractual details are critical to performance.

Outlook: stabilisation through selectivity

The base case for the Finnish residential market points to modest rent growth in the near term, with occupancy gradually stabilising as construction volumes remain low. Performance is expected to recover first in mature, transit-oriented and affordability-led submarkets.

An upside scenario would involve faster absorption driven by migration, tightening vacancy and supporting contractual rent increases. Conversely, a downside scenario would see prolonged leasing friction in supply-heavy areas keeping effective rents under pressure.

Opportunities are concentrated in core private rented assets, operational upside strategies and energy-driven value creation. Key risks relate to localised oversupply, misinterpretation of rent mechanics and rising capex requirements in ageing stock. Overall, Finland remains a core institutional residential market, but one where selectivity and execution increasingly determine outcomes.

Baltics:

From fragmented private renting to an emerging institutional build-to-rent segment

The Baltic residential rental markets share a common structural starting point: exceptionally high owner-occupation and a historically fragmented private rented sector dominated by individual landlords. Compared with the Nordics, this has resulted in rental stock that is less institutional, less standardised and, until recently, less transparent. At the same time, the region's capital cities have reached a scale and demographic depth that increasingly support an investable rental story, particularly in purpose-built and professionally managed formats. What is emerging is not yet a mature portfolio acquisition market, but a development-led institutionalisation process where new supply, operational platforms and gradual formalisation are the primary routes to exposure.

A small rental base, but materially different tenure structures across countries

Owner-occupation dominates across all three Baltic countries, but the composition of rental housing differs in ways that matter for investability. Lithuania has the

smallest rental sector overall, yet most rental occupancy is market-priced. Estonia and Latvia have larger tenant shares, but a materially higher proportion sits in reduced-rent, municipal or other subsidised tenures rather than open-market renting. This distinction is critical: a higher share of market-priced rental stock expands the investable universe, improves price discovery and supports more transparent underwriting.

Measured against the EU average, the Baltics remain clearly ownership-led. Lithuania stands out with very high owner-occupation and a relatively commercial rental mix, while Latvia and Estonia both exhibit a greater role for non-market rental arrangements. For investors, this affects both scale and comparability, as market-priced rents are easier to observe, finance and benchmark than reduced-rent or policy-driven tenures.

Demand is concentrated where employment, education and migration flows converge. Vilnius anchors Lithuanian rental demand, with Kaunas and Klaipėda as secondary markets. Tallinn dominates Estonia's rental market, complemented by a distinct, university-driven demand base in Tartu. In Latvia, Riga overwhelmingly sets the direction for market-based rental demand, while regional centres play a more limited and policy-influenced role.

EXHIBIT 21: New apartment completions in Baltic capitals

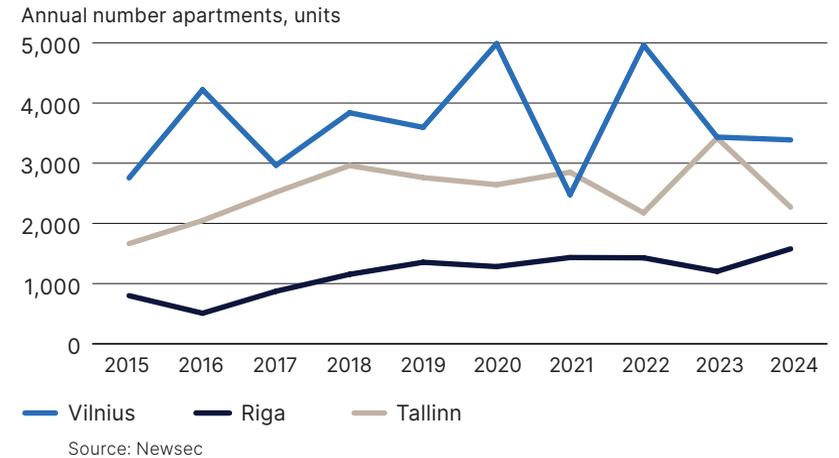


EXHIBIT 22: Homeownership share trends in the Baltic States

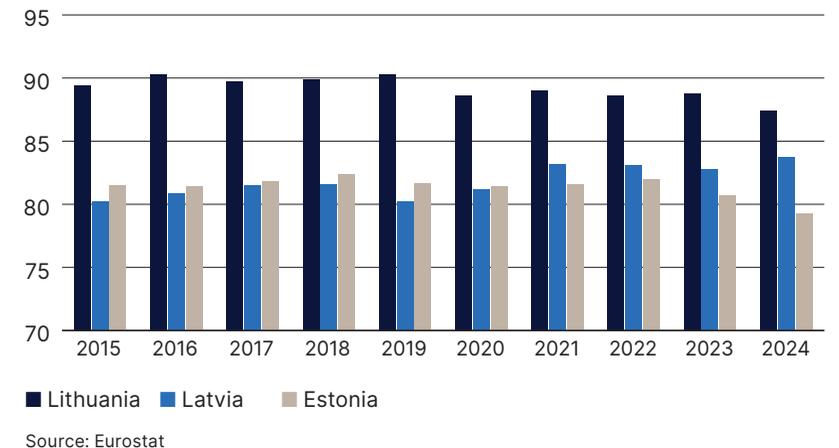
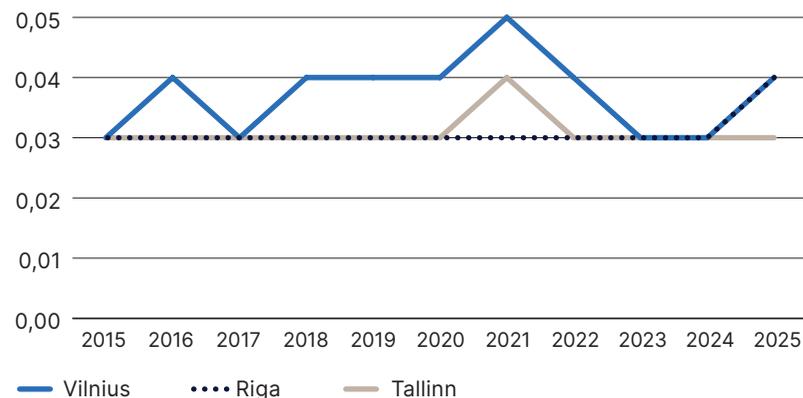
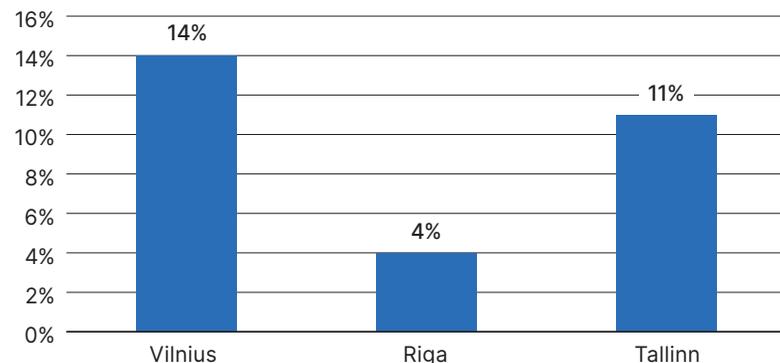


EXHIBIT 23: Apartment market liquidity in Baltic capitals



Source: Newsec

EXHIBIT 24: Modern supply added since 2015, % of current stock in Baltic capitals



Source: Newsec

Rental market structure: contract-based rents and gradual formalisation

Across all three Baltic countries, rents are primarily set at the lease level and agreed contractually between landlord and tenant. Unlike the negotiated or cost-based systems found in parts of the Nordic region, there is no collective rent-setting mechanism. For investors, the key differentiator is therefore not rent control as such, but the degree of contractual clarity, enforceability and operational standardisation.

Lithuania operates under a Civil Code framework with both fixed-term and open-ended leases. While registration of leases is not universal, formal registration materially improves enforceability and aligns well with institutional operating standards. Estonia's framework is similarly contract-led, with clearer market conventions and explicit guardrails that support operational consistency, including defined limits on security deposits. Latvia has modernised its tenancy framework through reforms introduced in 2021, shifting the market toward fixed-term leases and clearer termination and rent-adjustment rules.

Across the region, the direction of travel is toward greater transparency, better enforceability and higher-quality supply. This gradual formalisation favours professionally managed rental housing and reduces friction in leasing, renewals and tenant management.

Investable residential segments: a build-and-scale story

The Baltics remain early in the institutional rental cycle. As a result, investability is driven less by acquisition of stabilised multifamily portfolios and more by development-led strategies: build-to-rent, forward funding, conversions, refurbishment and platform build-up. The near-term market rewards operators that can combine product delivery with professional management, predictable operating costs and transparent tenant processes.

Lithuania currently offers the clearest institutional trajectory, with Vilnius as the anchor market for professionally managed multifamily housing. Supply is expanding from a low base, supported by strong capital-city demand and a rental market still dominated by fragmented private landlords.

In Estonia, the institutional rental opportunity is concentrated in Tallinn, complemented by a university-driven demand base in Tartu. Here, differentiation is driven less by scale and more by execution: product quality, energy performance and operational discipline.

Latvia remains earlier in scaling a purely commercial institutional rental segment. Riga concentrates market-rent demand drivers, while professionally managed rental stock remains limited. As a result, the opportunity set is primarily development- and value-add-

led, alongside a parallel policy-supported affordable rental pipeline in regional centres.

Regulation, energy efficiency and operating quality

The Baltic rental markets do not resemble classic rent-controlled European regimes. Instead, regulatory development has focused on clarity, enforceability and formalisation. Energy efficiency and total housing cost – rent plus utilities – are increasingly central to tenant choice. This structurally favours newer, energy-efficient stock and professionally managed assets that can offer predictable operating expenses and reduce tenant cost volatility.

Outlook: institutionalisation from a low base

The near-term outlook across the Baltics is best understood through three structural drivers: affordability, new institutional-grade supply and the pace of formalisation. Lithuania is likely to remain the most dynamic market for professionally managed rental housing, with affordability increasingly acting as the main constraint on rent growth rather than vacancy. Estonia's opportunity remains concentrated in Tallinn, with operational quality and energy efficiency becoming key competitive advantages.

Latvia's institutional rental market remains smaller and more fragmented, but with Riga anchoring demand and development-led strategies defining the opportunity set.



A region of shared demand, but very different housing systems

The Nordic and Baltic residential markets share strong urban demand, increasing professionalisation, and growing investor interest—but the ways each market processes that demand are structurally different. These differences shape everything from rent levels and accessibility to supply responsiveness and institutional participation.

Tenure structure varies meaningfully. Norway and the Baltics are strongly owner-

dominated, while Sweden, Denmark and Finland have more diversified tenure models with significant rental components. In Sweden, rental and cooperative housing dominate the apartment segment, while Finland operates a dual system of private and state-supported renting.

Rent regulation is a major differentiator. Sweden applies negotiated rents broadly, including most institutional stock. Finland and Denmark have mixed systems: older stock is regulated while newer housing is market-priced. Norway and the Baltics largely operate with contract-based, market-determined rents, although some segments – such as student or social housing – remain cost-based.

Allocation under shortage reveals the mechanism each system uses to manage the gap between supply and demand. Sweden’s housing queues dominate the allocation process under rent regulation. Denmark, Finland and the Baltics allow prices to adjust more freely, with affordability limits shaping access. In Norway, limited rental supply and strong homeownership bias reduce availability rather than trigger queues.

Institutional maturity also varies. Sweden, Denmark and Finland are established institutional markets, with significant scale and transaction activity. Norway is smaller and more fragmented due to structural homeownership preference. The Baltics are still emerging as investable rental markets,

Country /Region	Tenure Structure	Rent Regulation	Allocation Under Shortage	Institutional Maturity	Demand Concentration
Sweden	Mixed: rental & private housing cooperative	Regulated, negotiated rents	Housing queues, low turnover	High	Strongly urban
Denmark	Mixed: owner-occupied and segmented rental market	Rent-regulated older stock + market rents	Price-led	High	Greater Copenhagen leads
Finland	Mixed: owner occupied and market/cost rent	Contractual + cost-based rents	Price-led, with some vacancy	High	Helsinki and university cities
Norway	Predominantly owner-occupied	Market rent, capped in-term uplifts	Supply withdrawal	Medium	Oslo and university cities
Baltics	Owner-dominated, emerging rental	Market-based, lease-driven	Price-led	Emerging	Capital cities (Vilnius, Tallinn, Riga)

with activity focused on development-led strategies and formalisation.

Demand concentration is consistently urban across all markets. Capital cities and university hubs dominate rental demand, but how that demand is absorbed – through queues, construction, or market pricing – differs widely.

Despite being grouped as a single region, the Nordics and Baltics offer strikingly different approaches to rental housing, from deeply institutionalised and regulated frameworks to emerging, development-led markets still taking shape. What they do share is a growing mismatch between household needs and system design. In some countries, policy stability limits responsiveness; in others, investor appetite is high, but market scale and structure are still catching up. As affordability, demographics and regulatory shifts increasingly affect outcomes, recognising the mechanics behind each system becomes essential – not just for understanding what is happening, but for anticipating what comes next.

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Property markets





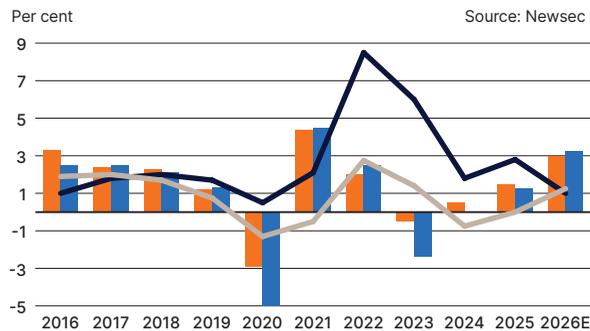
The Swedish Property Market

A Gradual Recovery Supported by Improving Financing Conditions

Economic conditions in Sweden improved modestly in 2025 after a weak 2024. GDP growth is estimated at around 1.5%, supported by continued monetary easing. Riksbanken cut the policy rate from 2.50% to 1.75% by December, helping stabilize activity. Consumer spending was weak early in 2025 but improved toward year-end as inflation fell from around 3% to about 2%, close to target. Labour market conditions softened, with unemployment averaging 8.5–9%, before showing early signs of stabilization late in the year. Bankruptcies remained elevated but leveled off in 2025 after the rise in 2024, indicating reduced stress in the corporate sector.

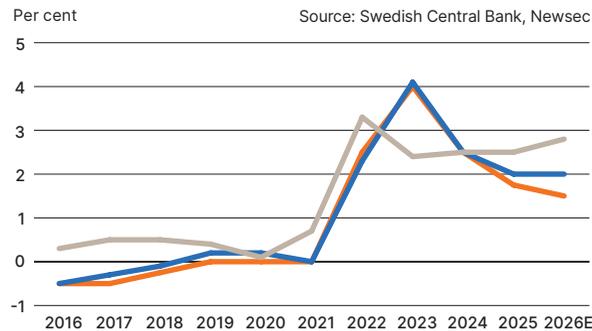
The property market continued its recovery in 2025 despite ongoing uncertainty and slower-than-expected economic growth. Total transaction volume increased to approximately SEK 164 billion, up 18% year-on-year. Market liquidity improved, supported by better financing conditions and narrower buyer–seller pricing gaps. International investors increased their presence, accounting for 32% of total volume. Yields compressed across most segments and the outlook for 2026 is cautiously positive. With lower inflation and interest rates more supportive, investment activity is expected to strengthen further, though the recovery remains sensitive to geopolitical risks.

Economic Indicators



- GDP, Annual Percentage Change
- Private Consumption, Annual Percentage Change
- Employment, Annual Percentage Change
- Inflation, Yearly Average

Interest Rates



- Central Bank Interest Rate
- STIBOR 3M
- SWAP 5Y

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Interesting trends

Foreign Investors Return with a Focus on New-Build Residential

International investors accounted for around 32% of total transaction volume in 2025, up from 17% in 2024, signalling renewed confidence in the Swedish market. Activity was selective and primarily focused on residential assets.

Within this segment, interest centred on new-build projects in the Stockholm area, offering modern standards, strong tenant demand and limited near-term capex. In public properties, volumes were largely driven by single large transactions, notably the PPI/SBB deal. Overall, higher foreign participation reflects stabilised pricing, improved currency visibility and attractive relative value versus other European markets.

Refinancing Boom Eases Distress Fears

A broad refinancing wave in 2025 strengthened balance sheets across the property sector. As debt markets reopened, companies were able to refinance maturing debt on improved terms, supported by lower policy rates. Around 10–15 listed property companies accessed capital markets or refinanced bank debt throughout the year.

By autumn 2025, financing costs had stabilised and debt markets remained supportive, easing earlier distress concerns and underpinning transaction activity.

Presumptive Rent Reform Reduces Uncertainty and Supports New Production

Uncertainty around presumptive rents was largely resolved in 2025 through legislative reform effective 1 January 2026. The changes allow greater alignment of presumptive rents with general rent developments and clarify adjustment mechanisms during the presumptive period.

The reform improves predictability for investors and developers, strengthens project viability and is expected to support new residential development going forward.



SEK 164 billion
Total investment volume
in 2025



SEK 200 billion
Total investment volume
expected in 2026



3.60%
Office prime yield
expected in 2026

The Norwegian Property Market

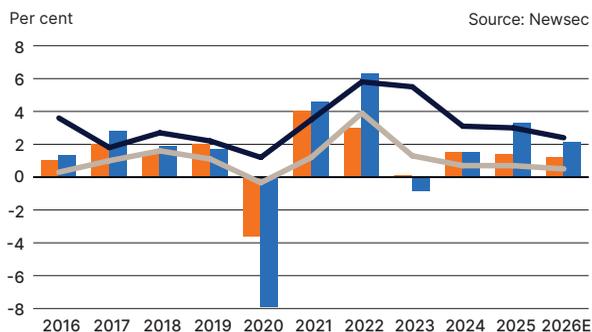
Resilient Transaction Activity Despite Macroeconomic Uncertainty

The first half of 2025 was characterized by a cautious sentiment in the transaction market, driven by significant volatility in the financial markets following the announcement of U.S. tariff implementation. Still there has been strong interest in selected segments, particularly prime office buildings in central Oslo. The prime office segment is dominated by equity players, as yields are extremely sharp. For logistics and hotels, interest remains solid, with the former also attracting international investors. The hotel market has benefited from the weak krone and strong tourism. Residential properties and housing projects in Oslo have also experienced a strong sentiment. The

market appears to expect housing price growth and a persistently weak housing supply, which drives high demand for residential plots in high-pressure areas.

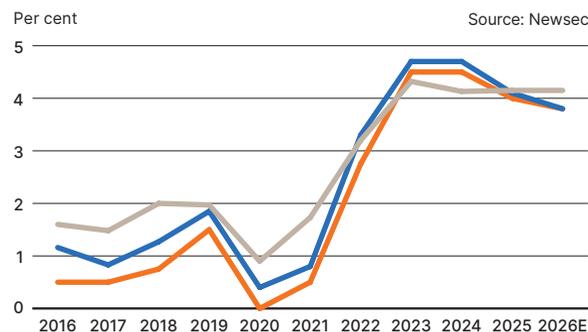
Norges Bank has lowered the policy rate by 50 basis points during 2025, to 4 percent. However, the rate path has been revised upwards as the economic development has been stronger than expected and inflation is above target. Despite the high interest level as well as macroeconomic uncertainty, the interest in real estate has increased throughout the year. The transaction volume in 2025 ended close to NOK 82 billion, which is close to a historical average.

Economic Indicators



- GDP, Annual Percentage Change
- Private Consumption, Annual Percentage Change
- Employment, Annual Percentage Change
- Inflation, Yearly Average

Interest Rates



- Central Bank Interest Rate
- NIBOR 3M
- SWAP 5Y

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Interesting trends

Retail on an upward trend

The transaction market for retail properties is performing better and accounted for 20 percent of the deal volume in 2025. Both syndicates and institutional investors are increasingly showing interest in the segment. After a few years of weak performance, the retail sector experienced turnover growth in 2025. Real wage growth and high employment rate have boosted household consumption, and shopping center goods and big-box items has been the main contributors to turnover growth. Norges Bank expects real wage growth to continue, which is likely to support further growth in retail trade in the coming years.

Syndicates have returned

In recent years syndicates have made up a smaller share of the transaction volume, just below 20 percent. Syndicates have faced challenges in raising equity as investors have been reluctant to increase exposure to commercial real estate or have needed to prioritize available capital for existing portfolios. However, in 2025 their share

has risen to around 35 percent, which is historically a more normal level. This is mainly because they are able to place the transactions with equity investors. Office and logistics are the most attractive segments, accounting for around half of the transaction volume.

Delisting real estate companies

In 2025, the delisting of two real estate companies was announced; Aurora Eiendom and Olav Thon Eiendomsselskap. Aurora Eiendom stated that the decision aims to relieve the company from listing requirements, enhance flexibility for value creation, and mitigate the impact of low share liquidity. Olav Thon considers increasing its ownership stake in Olav Thon Eiendomsselskap an attractive opportunity to deploy more of the group's capital, and no longer consider Oslo Børs as an important source of financing. Public Property Invest is also delisting in Norway, to be listed in Sweden. This leaves few real estate companies listed on Oslo Børs.



NOK 82 billion
Total investment volume
in 2025



NOK 90 billion
Total investment volume
expected in 2026



4.50%
Office prime yield
expected in 2026

The Danish Property Market

Danish Economy Slows to Sustainable Pace as Fundamentals Stay Strong

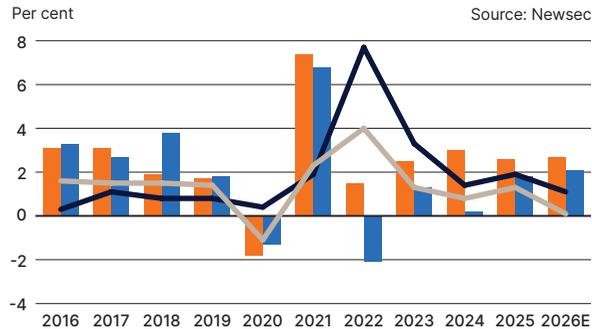
In 2025, Danish GDP grew by an estimated 2.0–2.2%, after downgrades caused by higher tariffs and slower growth in the pharmaceutical sector, a major contributor to output. Nationalbank had expected 3.6%. Supported by domestic demand and industrial production, growth remained moderate, with multinationals, particularly pharmaceuticals, continuing to play a key role. GDP is projected at around 2% in 2026 and 1.7% in 2027.

Denmark also performs well on inflation, employment, and public finances. Inflation averaged

below 2% in 2025, peaking at 2.3% due to food prices and rents, and is expected to ease to 1.1–1.3% in 2026. Unemployment remains low at 2.9%, and the tight labour market is expected to persist. Public finances are strong, with budget surpluses and government debt below 30% of GDP.

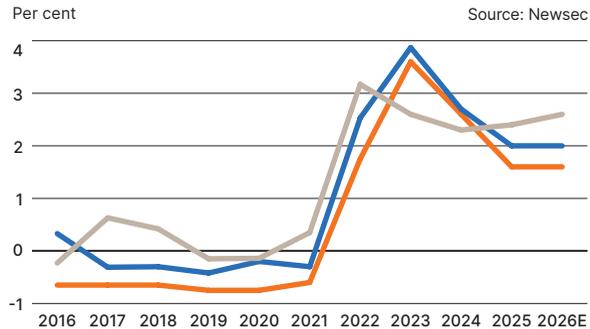
Economic performance is expected to continue in 2026, supported by private consumption and investment. Unemployment should stay stable and inflation subdued, though global uncertainties and sector-specific risks remain.

Economic Indicators



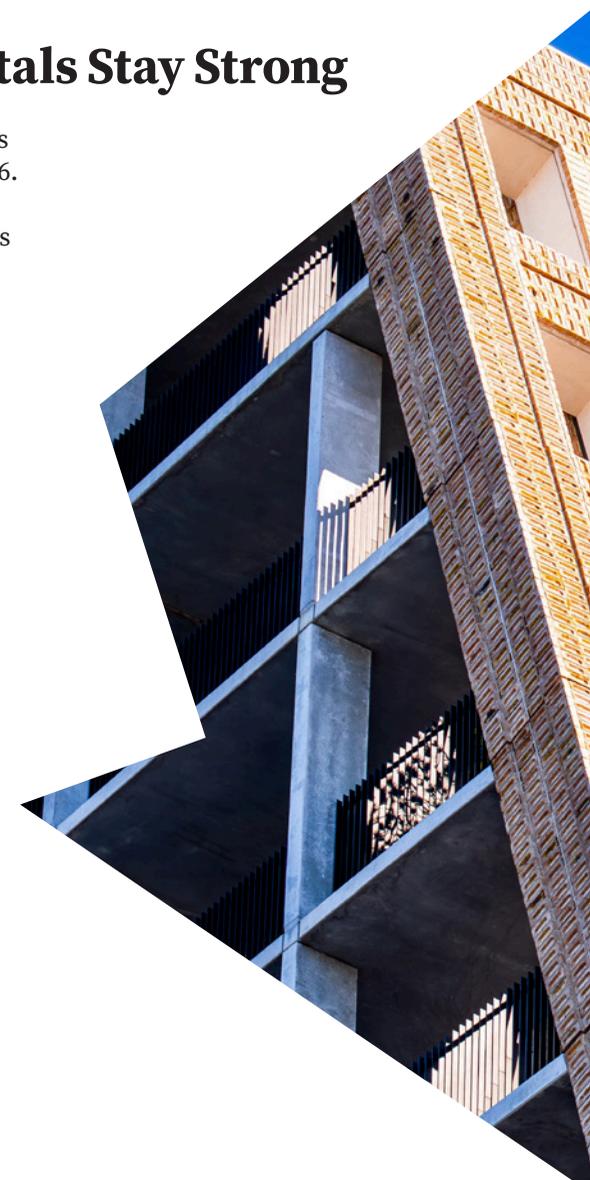
- GDP, Annual Percentage Change
- Private Consumption, Annual Percentage Change
- Employment, Annual Percentage Change
- Inflation, Yearly Average

Interest Rates



- Central Bank Interest Rate
- CIBOR 3M
- SWAP 5Y

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Interesting trends

Foreign investors return with a focus on sheds and beds

International investors represented over 40% of total transaction volume in 2025, up from 35% in 2024, reflecting sustained confidence in the Danish market. Activity remained selective, focusing mainly on logistics and residential assets, particularly in the Greater Copenhagen area.

Demand was strongest for modern residential properties in Copenhagen city and suburbs, characterised by low vacancy, high tenant demand, modern standards, and limited near-term capex. Overall, the rise in foreign participation highlights stabilised pricing, greater pricing transparency, and attractive relative value compared with other European markets.

Copenhagen apartment house prices

Copenhagen house prices rose by approximately 20% year-on-year, driven by limited construction of owner-occupied homes, population growth, and strong demand from students, young professionals, and seniors seeking city apartments.

Affordability pressures are increasing, keeping many first-time buyers in the rental market for longer and creating challenges for workers with average incomes in essential sectors such as education, healthcare, and emergency services. As a result, housing affordability has become a central issue in the Danish Parliament.



DKK 74 billion
Total investment volume
in 2025



DKK 80 billion
Total investment volume
expected in 2026



4.00%
Office prime yield
expected in 2026

The Finnish Property Market

Transaction Activity Rebounds as Investor Confidence Improves

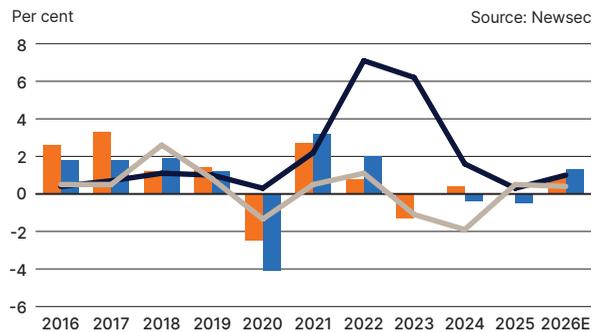
The ECB has kept its policy rate at 2% since June 2025, with euro area inflation close to target, leading markets to view the easing cycle as largely complete and rates as broadly stable. The rise in the five-year EUR swap rate, together with Germany's fiscal stimulus, points to mild upward pressure on rates rather than further declines. Banks' appetite to finance real estate remains solid, particularly for high-quality assets, with competition compressing prime margins despite prudent lending standards.

In Finland, economic growth is expected to be modest in 2026–2027 at 1.2% and 1.6%. While unemployment and weak consumer confidence still

weigh on the recovery, gradual improvement should support real estate activity.

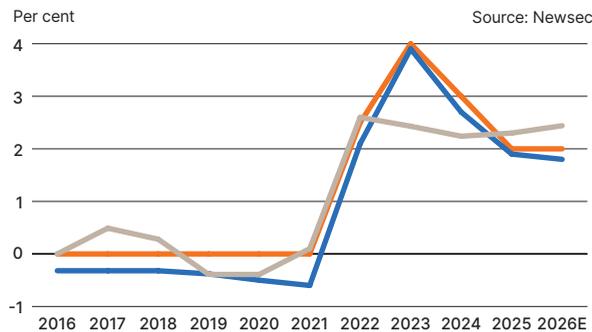
Finland's real estate investment market entered a recovery phase in 2025, with transaction activity strengthening after two subdued years. Transaction volume more than doubled year-on-year to EUR 4.6 billion, driven by portfolio deals and more transactions. International investors accounted for over half of total volume, with Swedish capital returning. Despite ongoing geopolitical and trade-related uncertainty, a growing transaction pipeline and improved investor confidence suggest a continued, uneven recovery, with asset quality and selectivity remaining central.

Economic Indicators



- GDP, Annual Percentage Change
- Private Consumption, Annual Percentage Change
- Employment, Annual Percentage Change
- Inflation, Yearly Average

Interest Rates



- Central Bank Interest Rate
- EURIBOR 3M
- SWAP 5Y

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Interesting trends

A widening investor base supports market liquidity

International investors were the primary source of liquidity in Finland's real estate market in 2025, deploying approximately EUR 2.4 billion and accounting for over half of total transaction volume, as domestic funds and pension investors remained largely sidelined. Capital flowed from the Nordics, wider Europe, and the US, reflecting strengthened confidence in European real estate and Finland's position as an established target market, supported by political stability, predictable regulation, and long-term demographic trends. While domestic institutional activity has been limited due to pension reform and redemptions from open-ended funds, there are signs of improvement. One of the largest specialised funds, OP Vuokratuotto, has reopened subscriptions and redemptions, signalling gradual market stabilisation. In addition, pension investor Keva has remained active through joint venture structures.

Prime yields edge lower

Prime yields declined modestly during 2025, driven by strengthening demand for high-quality residential, logistics, social infrastructure and grocery-anchored retail

assets. Newsec expects yields in core segments to continue easing slightly in the near term as investor demand improves. However, in our base case, further compression in prime residential yields is limited, as long-term interest rates are expected to remain stable or rise marginally, narrowing the risk premium. In particular, a gradual increase in the euro area risk-free rate, the German 10-year government bond, is expected to create mild upward pressure on prime residential yields over the medium term.

Finland offers an attractive prime office yield premium

Prime office yields in Finland have repriced materially over the past two years and have stabilised at around 5.4% in the Helsinki CBD, following the yield decompression seen during 2022–2024 and maintained through 2025. This positions Finland at a clear yield premium relative to other Nordic prime office markets, such as Stockholm and Oslo. At current pricing levels, prime Finnish offices offer attractive entry points into high-quality, ESG-compliant assets with resilient tenant demand. Grade A offices in Helsinki CBD have continued to record low vacancy alongside rising prime rents, supporting the investment case for well-located, modern assets.



EUR 4.6 billion
Total investment volume
in 2025



EUR 5.5 billion
Total investment volume
expected in 2026



5.4%
Office prime yield
expected in 2026

The Estonian Property Market

Low Liquidity Market with Gradual Stabilisation Ahead

Estonia’s economy is expected to stabilise in 2025 after a near-flat 2024, with GDP projected to grow by 0.7% in real terms. Growth is then set to accelerate, reaching 3.6% in 2026 and remaining solid at around 2.5–2.8% through 2028, supported by stronger domestic demand and investment. Nominal GDP is projected to rise from EUR 41.7 billion in 2025 to nearly EUR 50 billion by 2028.

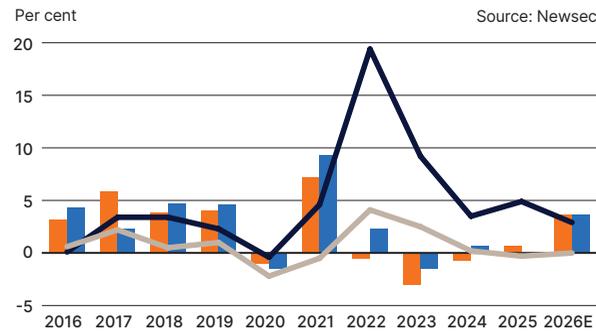
Inflation is expected to peak in 2025 at around 4.9%, driven by rising wages, before easing to 2.4–2.8% in subsequent years. Wage growth remains robust but moderates gradually, with average monthly gross wages rising by 5.9% in 2025, 5.4% in 2026 and 5.0% in 2027. Unemployment is forecast to

decline from 7.6% in 2025 to 6.0% in 2028, reflecting a tightening labour market.

Fiscal conditions will remain under pressure, with the budget deficit forecast at 1.3% of GDP in 2025 and widening to around 4.4–4.5% in 2026–2027, before improving slightly in 2028. While the deficit poses a challenge, public debt remains manageable and economic fundamentals appear resilient.

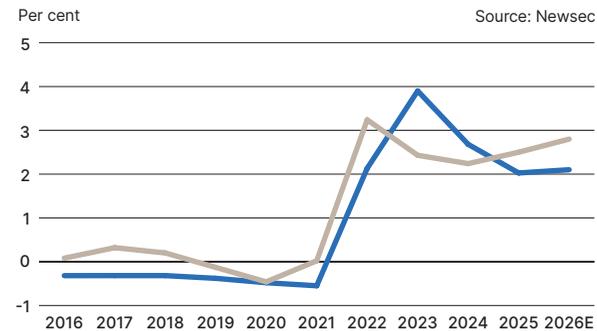
Overall, Estonia’s outlook points to steady growth, moderating inflation and improving labour market conditions, although careful fiscal management and policies supporting labour participation will be important to sustain momentum over the medium term.

Economic Indicators



- GDP, Annual Percentage Change
- Private Consumption, Annual Percentage Change
- Employment, Annual Percentage Change
- Inflation, Yearly Average

Interest Rates



- EURIBOR 3M
- SWAP 5Y

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Interesting trends

Small-scale transactions remain dominant

The Estonian commercial real estate market is still dominated by smaller transactions, with most deals below EUR 5 million. Large, prime assets remain scarce due to a limited pool of buyers, while selective lending and cautious risk appetite have contributed to a buyer's market, with downward pressure on pricing and relatively attractive yields.

Financing conditions are supportive, with lower Euribor rates and stable lending standards driving activity among smaller investors and local funds. However, limited access to new equity constrains larger acquisitions, meaning sizeable transactions often require structured solutions such as portfolio deals or joint ventures. As a result, private and local capital dominates activity, while prime assets are tightly held and trade infrequently.

Repurposing older offices for new uses

In the office market, older or less well-located buildings are increasingly being repositioned in response to shifting occupier demand and hybrid working patterns. Higher vacancy and downward rent pressure in legacy stock have led investors to explore alternative

uses, including residential conversions, co-living, flexible workspaces and mixed-use redevelopment.

At the same time, there is a strong focus on modernisation and sustainability upgrades to enhance asset attractiveness and secure long-term tenants. These strategies aim to mitigate office market risk, unlock value in ageing stock and create new income streams amid structurally changing demand.

City-level affordability planning under way

Rising housing costs have prompted Tallinn's municipality to advance a structured affordable housing strategy, based on analysis showing declining affordability for many households, including key workers. Rather than developing housing directly, the city plans to collaborate with private developers through land policy tools, planning incentives and conditional building rights, such as additional density in exchange for affordable units.

The strategy seeks to ensure long-term affordability while avoiding concentrated low-cost housing areas, aiming instead to broaden access across neighbourhoods and balance market dynamics with social sustainability.



EUR 130 million
Total investment volume
in 2025



EUR 200 million
Total investment volume
expected in 2026



6.75%
Office prime yield
expected in 2026

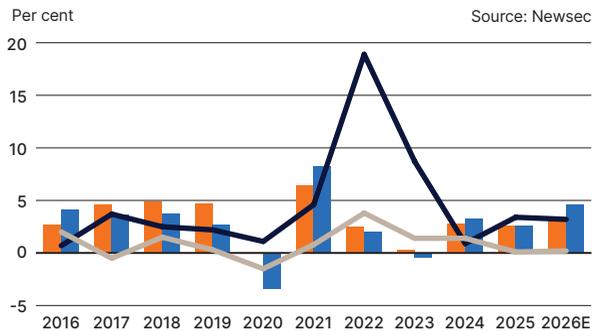
The Lithuanian Property Market

Steady Investment Activity in a Selective Buyer Market

Lithuania enters a third consecutive year of solid expansion after 2.8% real GDP growth in 2024. GDP is estimated to increase by 2.6% in 2025 and accelerate to 3.3% in 2026, before moderating to 2.3–2.7% in 2027–2028. Momentum should be driven by private consumption and higher government spending, including defence, while exports remain more fragile in a soft external demand environment. Nominal GDP is projected at EUR 83.5bn in 2025 and close to EUR 90bn in 2026, underpinned by rising wages and steady investment. HICP inflation is forecast at 3.4% in 2025 and 3.2% in 2026, with wage growth still strong (up by 7.3% in 2026) and unemployment

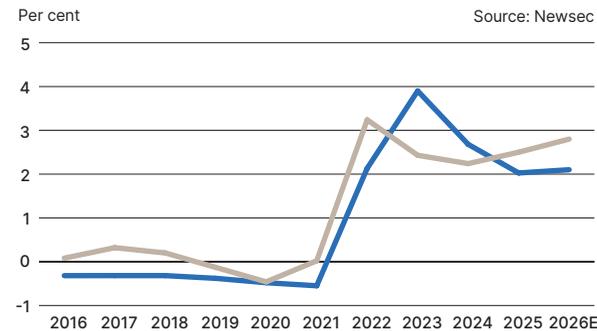
easing from 7.1% in 2025 to 6.8% in 2026, pointing to a tightening labour market. Fiscal policy remains expansionary, yet the deficit is expected to stay below the EU average through 2027; debt is projected to rise towards 48% of GDP by 2027, still well below EU levels. Downside risks stem from geopolitics and weaker demand in key partner markets, while upside may come from a 2026 consumption boost (including anticipated Pillar II withdrawals), resilient ICT, business services and the defence build-up supporting procurement and infrastructure. Lower rates should support lending and keep investment appetite steady.

Economic Indicators



- GDP, Annual Percentage Change
- Private Consumption, Annual Percentage Change
- Employment, Annual Percentage Change
- Inflation, Yearly Average

Interest Rates



- EURIBOR 3M
- SWAP 5Y

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Interesting trends

Investment volumes rising, dominated by mid-sized tickets

Investment activity strengthened in 2025: volume increased from EUR 155m in 2024 to EUR 270m, with further growth expected in 2026 (EUR 5m+ deals). Deal flow remains concentrated in mid-sized transactions, while the share from EUR 20m+ deals fell to a decade low. Larger trades are rare and often require structured execution, while numerous sub-EUR 5m transactions (not captured in reported volumes) continue to support market liquidity.

Local capital leads as buyers stay selective

The market is driven primarily by domestic funds, corporates and end users. With lending still cautious, buyers prioritise defensive income, strong tenant profiles and assets that are straightforward to finance. As interest rates ease, pricing has stabilised and prime yields are broadly steady, with limited near-term pressure for sharp compression. Bid-

ask gaps persist for secondary assets where capex needs and reletting risk are harder to underwrite.

Offices: fragmented demand and flight to quality

Vilnius leasing in 2025 was shaped less by expansion and more by relocations, consolidation and efficiency-driven moves. Demand has fragmented towards smaller deals, with buildings often absorbing vacancy via multiple tenants rather than one anchor. Tech/IT/fintech dominated by number of leases, while the public sector supported take-up by area. With 83,000 sqm delivered in 2025 and 55,000 sqm expected in 2026, absorption is slower; new schemes should still lease within 12–24 months. Vacancy is likely to stabilise around 8–10%, intensifying pressure on legacy stock and accelerating repositioning (subdivision, refurbishment, reconfiguration, or temporary withdrawal from active supply).



EUR 270 million
Total investment volume
in 2025



EUR 340 million
Total investment volume
expected in 2026



6.50%
Office prime yield
expected in 2026

The Latvian Property Market

Renewed Investment Momentum with a Focus on Defensive Assets

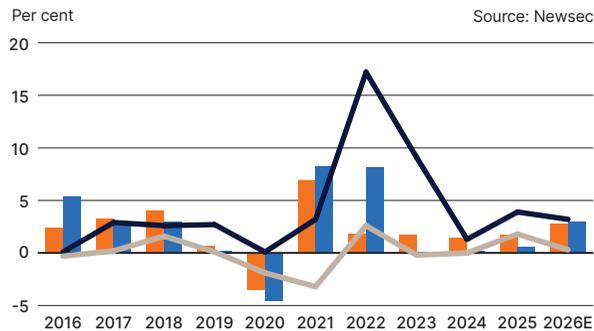
Growing confidence among consumers and businesses has supported economic momentum. Real GDP is expected to grow by 1.7% in 2025, modest but encouraging given geopolitical tensions. Supported by stronger private consumption, investment and exports, growth is expected to accelerate further in 2026 and 2027.

Strong gross wage growth (around 8%) and low unemployment (6.7%) have added to inflationary pressure, with inflation expected to approach 4% in 2025. At the same time, rising wages are supporting household savings and financial resilience. While the fiscal deficit may weigh on the economy over the longer term, debt ratios remain below the EU

average. Longer-term growth prospects are less certain due to demographic trends and emigration, which may constrain labour supply, highlighting the importance of pragmatic investment policies.

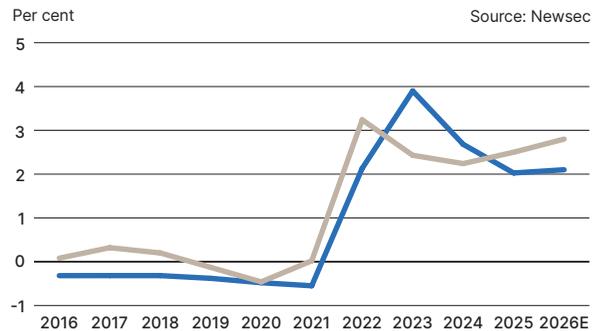
ECB rate cuts are feeding through to the local economy, with lending to households and corporates picking up. Both the government and the central bank have highlighted higher lending as a key growth driver. Household leverage remains low at around 20% of GDP, compared with roughly 50% in more developed economies, while corporate leverage is around 35% of GDP. Together with an active bond market, higher lending is expected to support Latvia's economic growth.

Economic Indicators



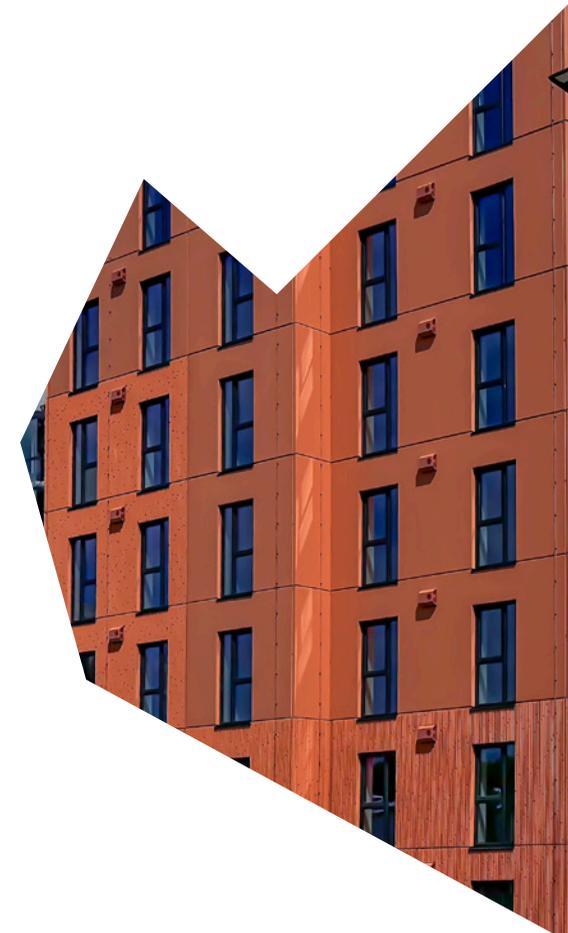
- GDP, Annual Percentage Change
- Private Consumption, Annual Percentage Change
- Employment, Annual Percentage Change
- Inflation, Yearly Average

Interest Rates



- EURIBOR 3M
- SWAP 5Y

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Interesting trends

Cautious recovery with safety in mind

Although Latvia's real estate investment market has not changed materially in structural terms, it rebounded strongly in 2025, with volumes rising from around EUR 75 million in 2024 to over EUR 201 million, signalling renewed confidence after a weak year. Investors showed a clear flight to safety, favouring assets with predictable cash flows. Retail became the leading segment, with volumes roughly twice those of the next-largest segment, supported by strong demand for grocery-anchored and essential retail assets.

Despite improved activity, liquidity for large-ticket assets remains limited due to a relatively small buyer pool. As a result, sizeable transactions often involve additional structures such as portfolio components, joint approaches or end-user participation. Local and smaller investors became more aggressive in 2025, increasingly willing to accept pre-interest-rate-hike yield levels. While private capital dominates deal flow, a small number of institutional investors remain selectively active, targeting high-quality assets with compelling risk-adjusted returns.

Demand outpaces supply in residential markets

Residential construction has rebounded, reflected in increased building permit issuance, led by Riga and the Pierīga region. Despite this, availability in new-build developments remains limited, putting upward pressure on prices: new-build apartment prices rose by close to 10% year on year. Looking ahead to 2026, supply is expected to expand as mortgage lending strengthens and developer confidence improves, although construction costs and planning hurdles may slow new starts. Overall, demand continues to outpace supply, supporting further price growth.

Rapid expansion in the I&L segment raises absorption risks

Following several years of very high occupancy and rising rents, Latvia's industrial and logistics sector is now being tested. In 2025, close to 100,000 sqm of new space was delivered, with the 2026–2027 pipeline exceeding 200,000 sqm. Signs of a shift were already evident in 2025, including lower pre-leasing and weaker absorption. Developers are increasingly accepting partial occupancy at opening and offering greater lease flexibility than in previous cycles.



EUR 200 million
Total investment volume
in 2025



EUR 210 million
Total investment volume
expected in 2026



7.0%
Office prime yield
expected in 2026



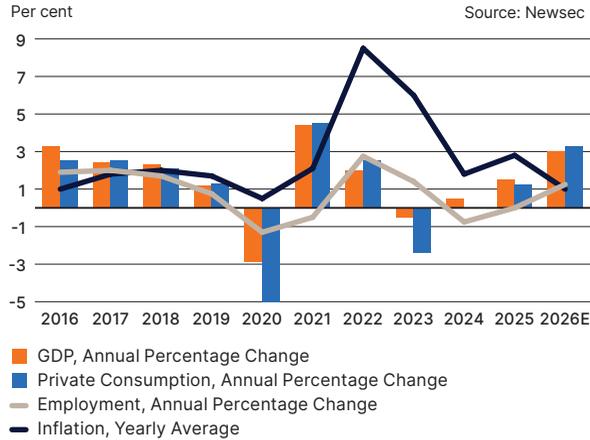


Macroeconomic and Property data

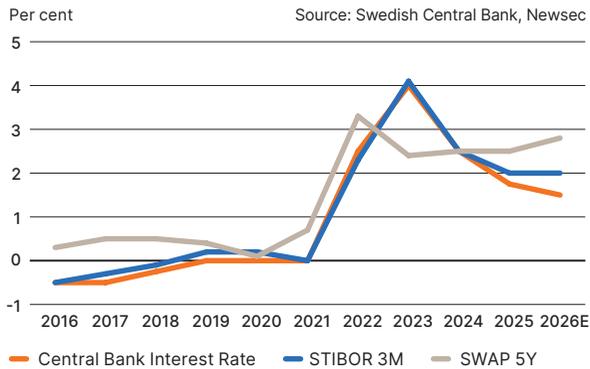
Macroeconomic Data

Sweden

Economic Indicators

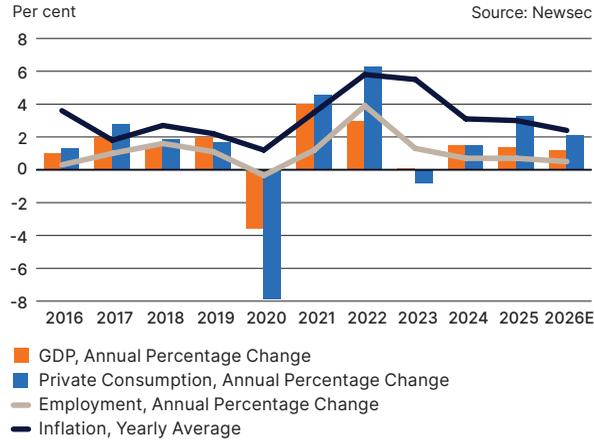


Interest Rates

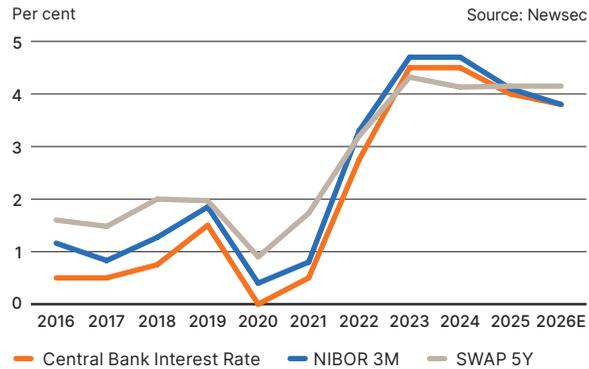


Norway

Economic Indicators

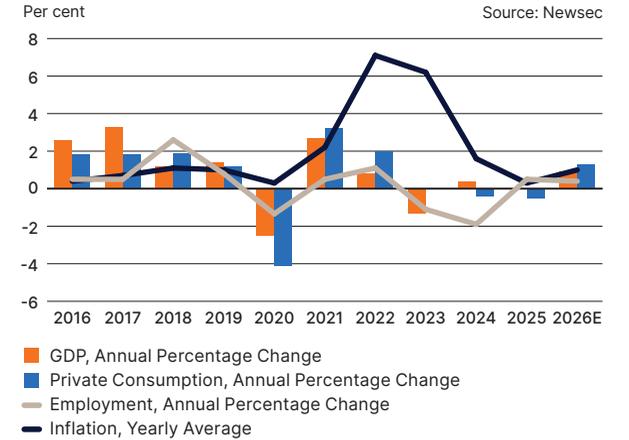


Interest Rates

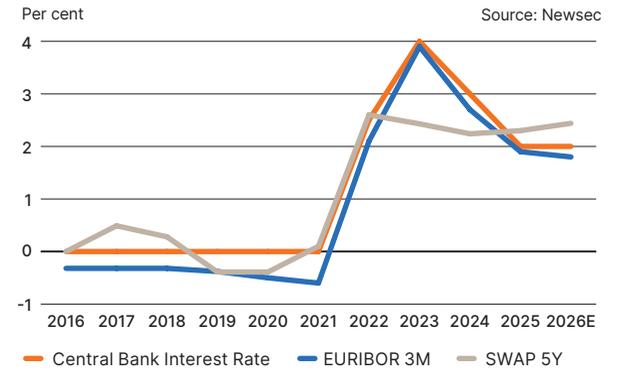


Finland

Economic Indicators

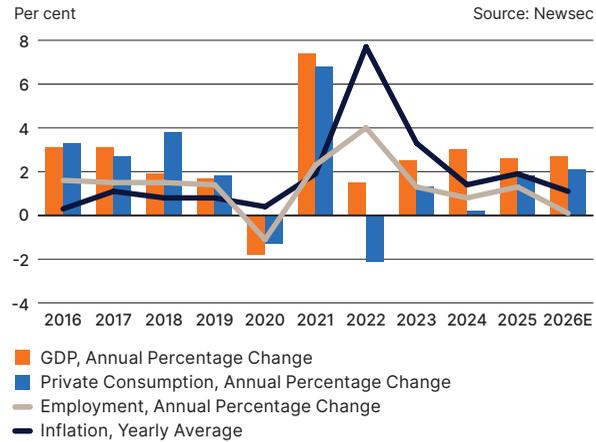


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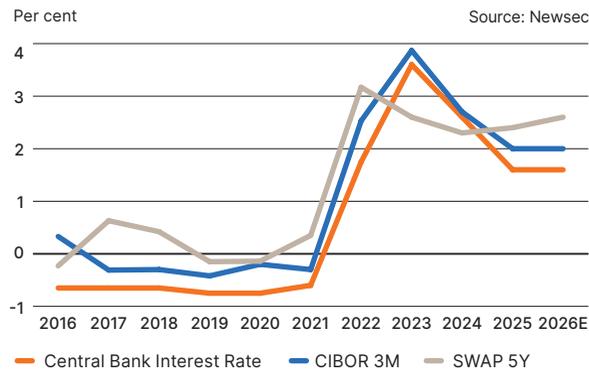


Denmark

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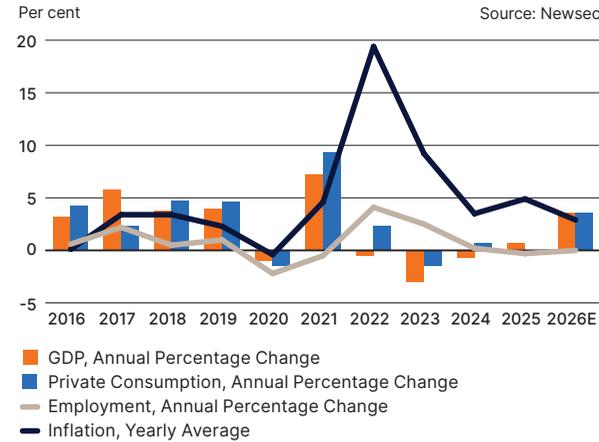


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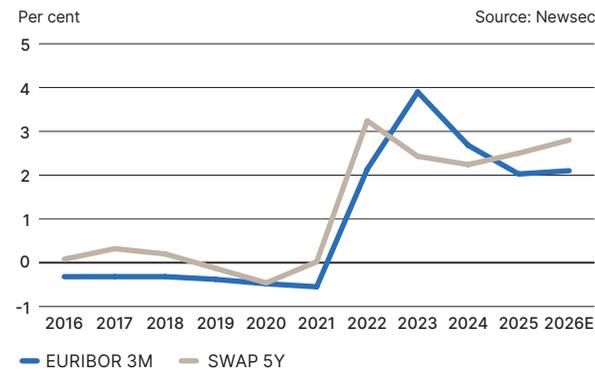


Estonia

Economic Indicators

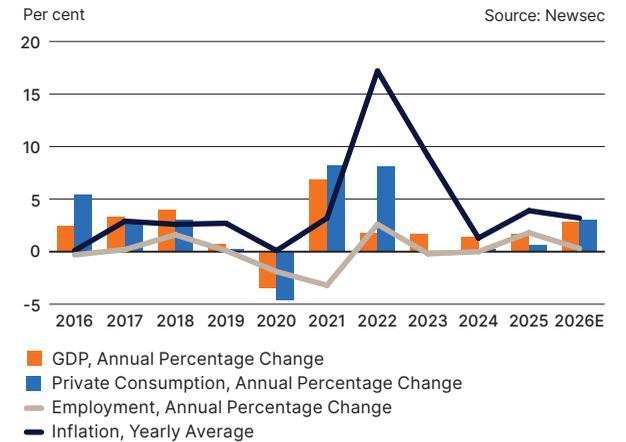


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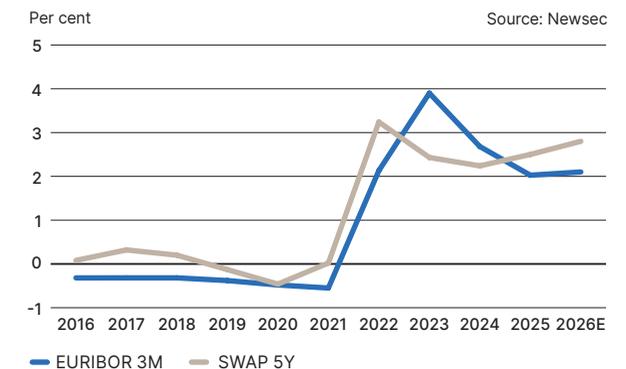


Latvia

Economic Indicators



Interest Rates



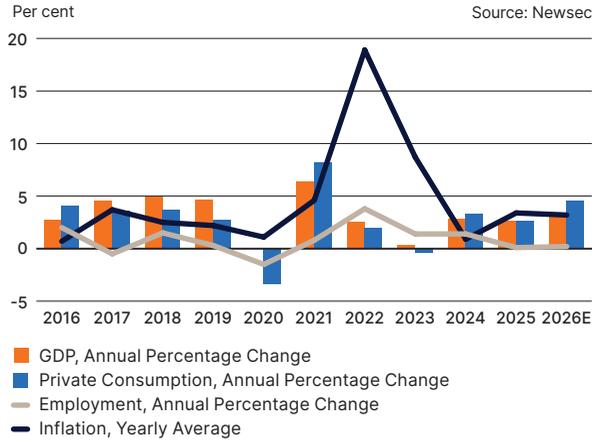
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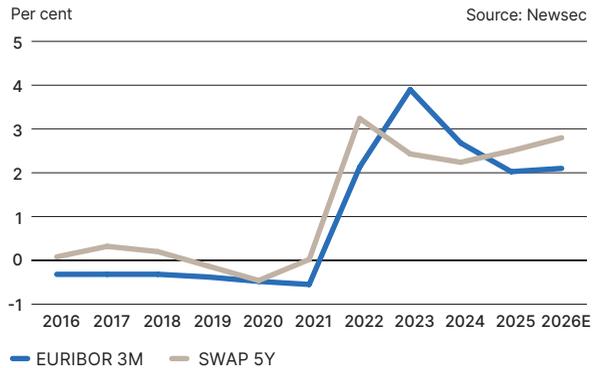
Macroeconomic Data

Lithuania

Economic Indicators

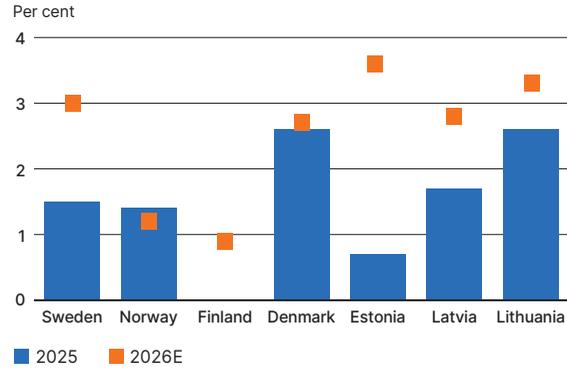


Interest Rates



GDP Growth

GDP Growth 2025–2026E



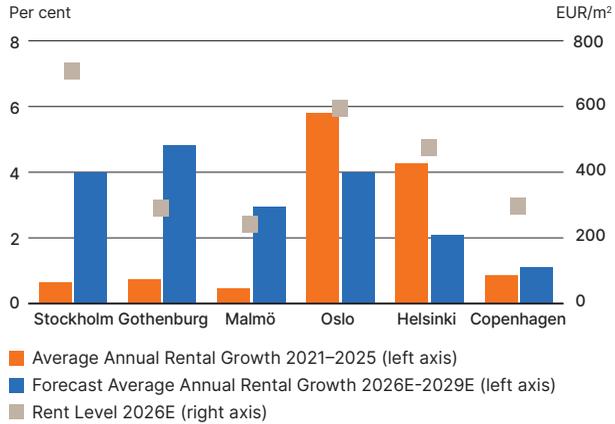
Source: IMF, Norges Bank, Ministry of Finance – Estonia, Latvia, Lithuania

Property Data

Office rents

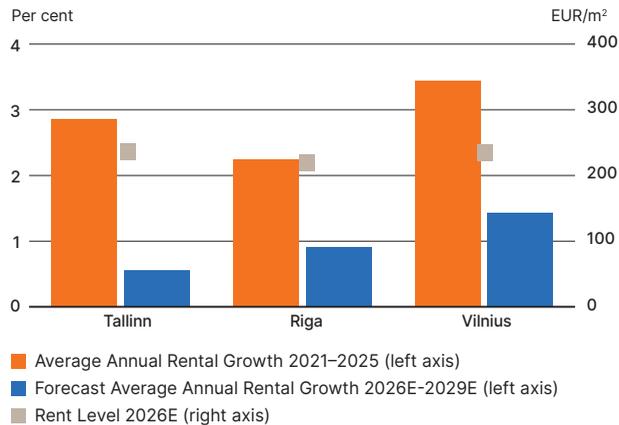
Prime Office Rents (CBD) | Nordic Region

Source: Newsec



Prime Office Rents (CBD) | Baltic Region

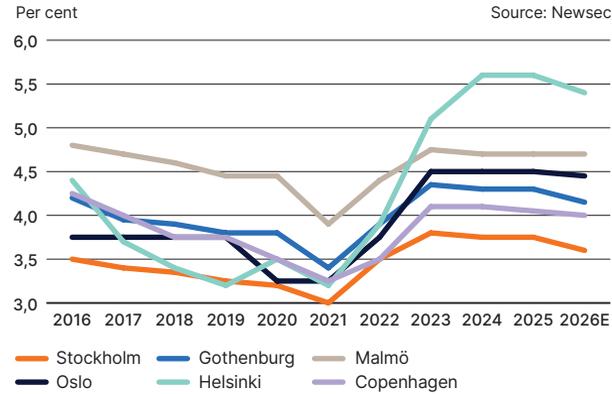
Source: Newsec



Office yields

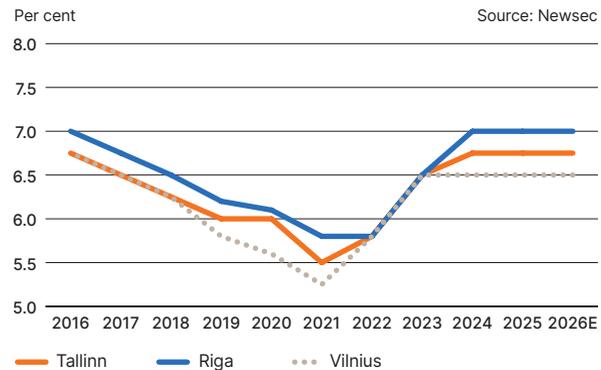
Prime Office Yields | Nordic Region

Source: Newsec



Prime Office Yields | Baltic Region

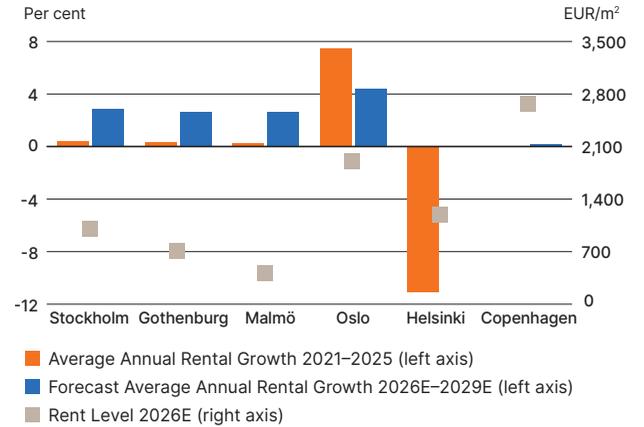
Source: Newsec



Retail rents

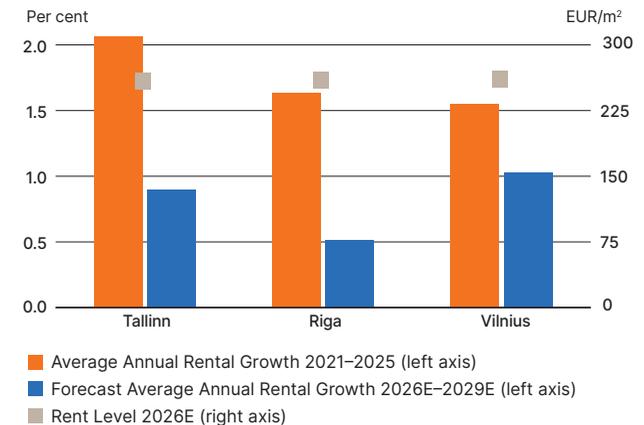
Prime Retail Rents | Nordic Region

Source: Newsec



Prime Retail Rents | Baltic Region

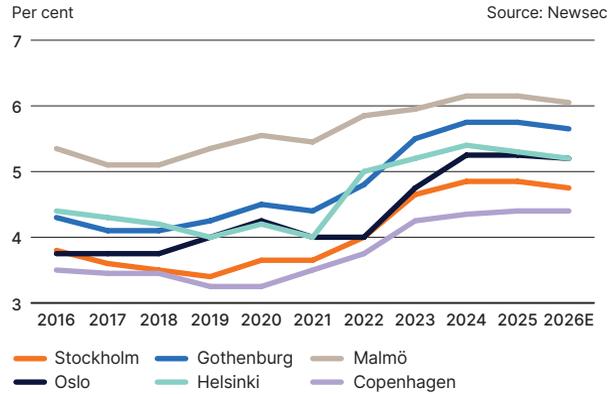
Source: Newsec



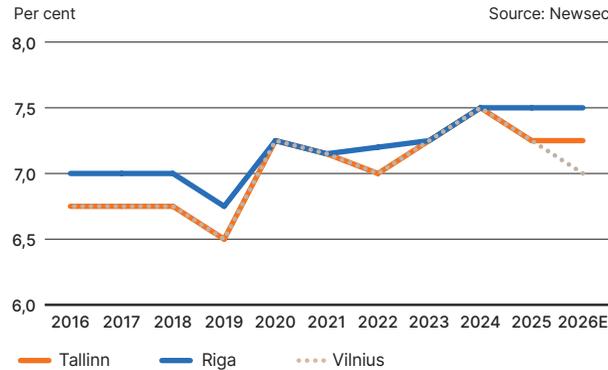
Property Data

Retail yields

Prime Retail Yields | Nordic Region

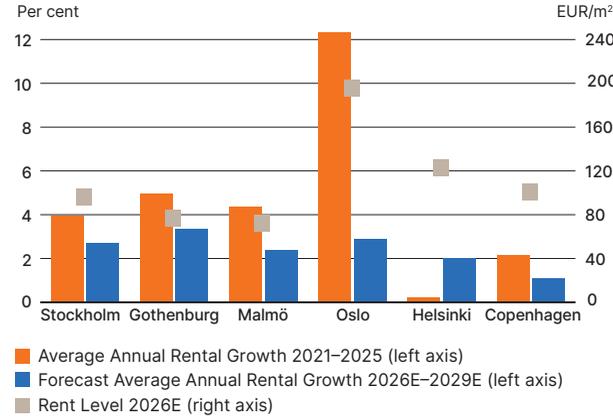


Prime Retail Yields | Baltic Region

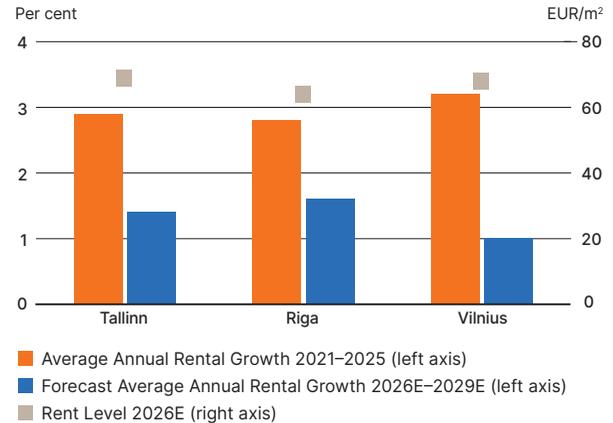


Logistics rents

Prime Logistics Rents | Nordic Region

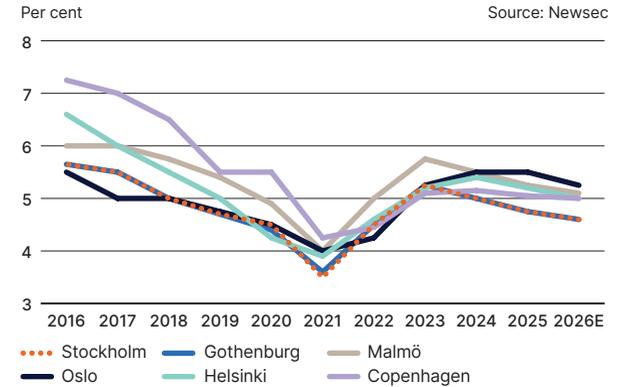


Prime Logistics Rents | Baltic Region

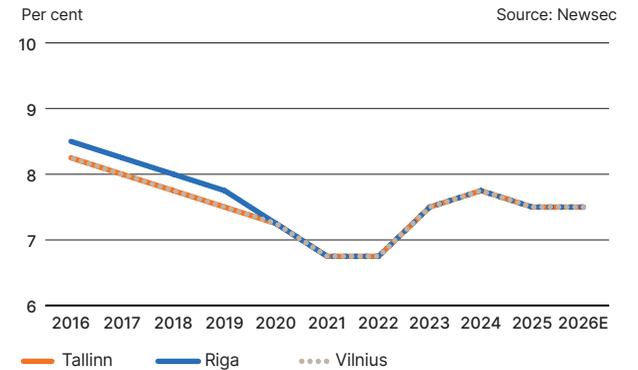


Logistics yields

Prime Logistics Yields | Nordic Region



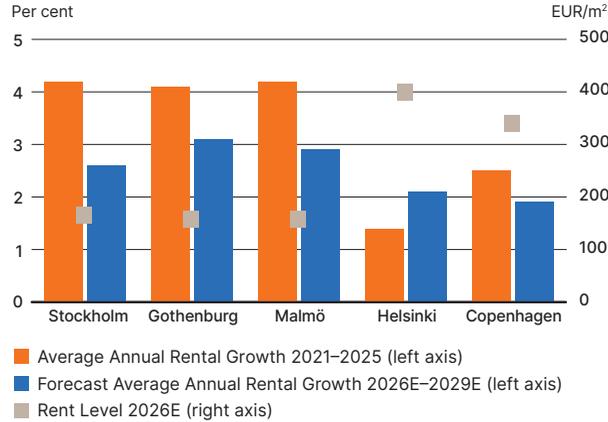
Prime Logistics Yields | Baltic Region



Residential

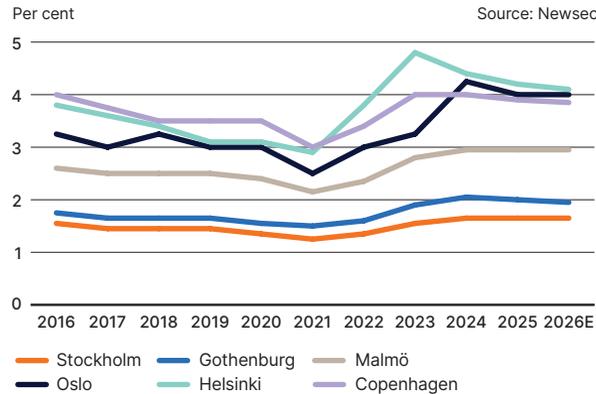
Prime Residential Rents | Nordic Region

Source: Newsec



Prime Residential Yields | Nordic Region

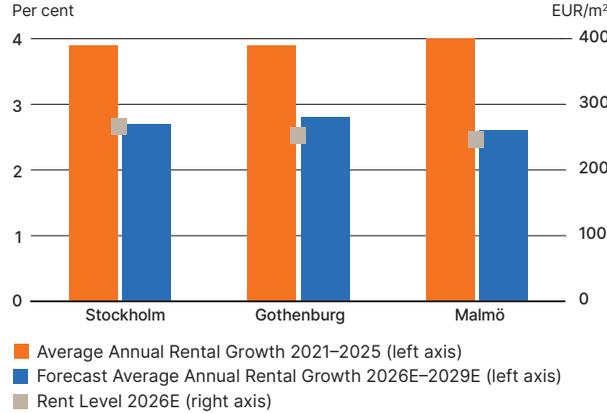
Source: Newsec



Public properties

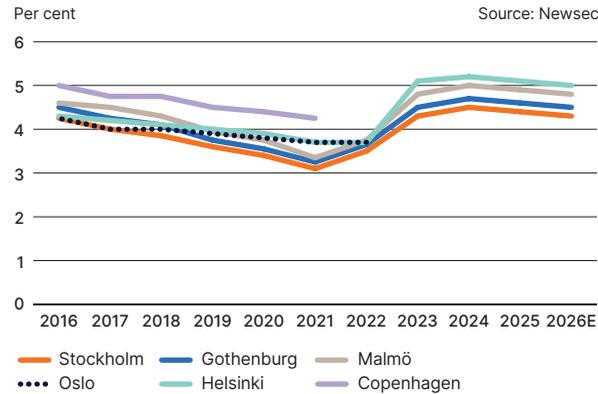
Prime Public Properties Rents | Nordic Region

Source: Newsec



Prime Public Properties Yields | Nordic Region

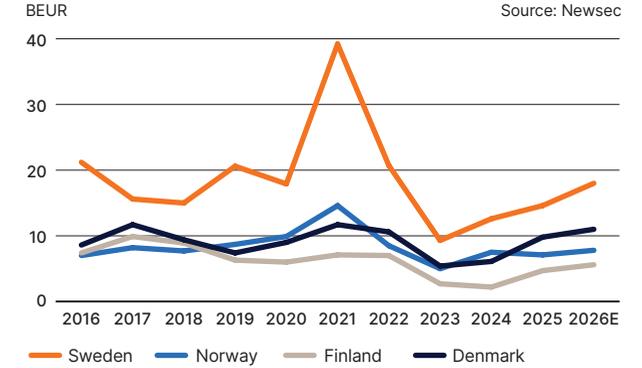
Source: Newsec



Annual transaction volumes

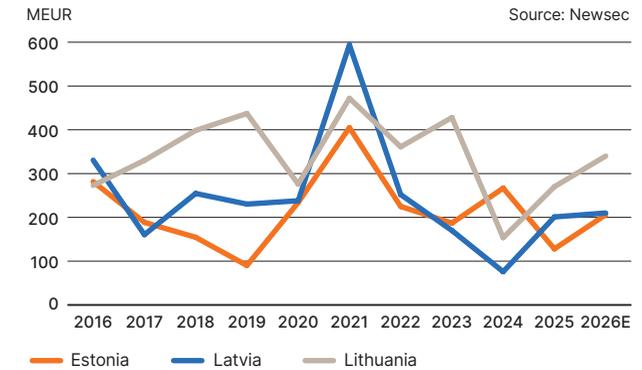
Transaction Volumes – Annual | Nordic Region

Source: Newsec



Transaction Volumes – Annual | Baltic Region

Source: Newsec



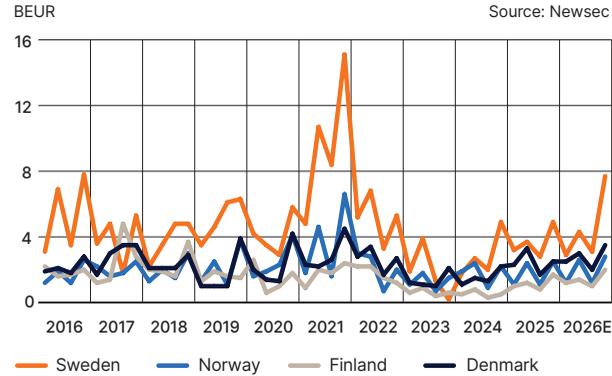
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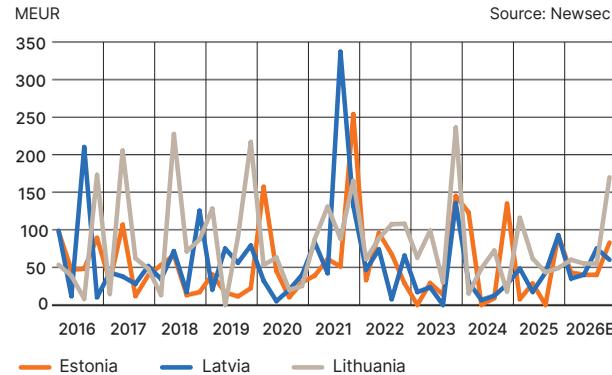
Property Data

Transaction volume

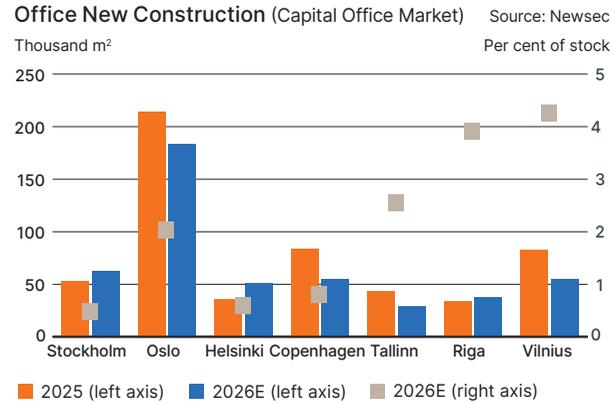
Transaction Volumes – Quarterly | Nordic Region



Transaction Volumes – Quarterly | Baltic Region

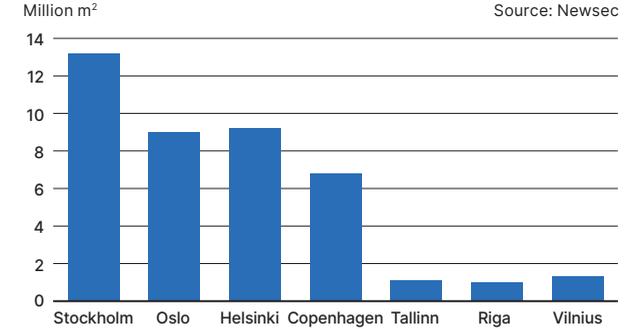


Office new construction



Office stock

Office Stock Q4 2026E (Capital Office Market)



Definitions

General

- All rents, yields and vacancies are end-of-year values.
- All forecasts are referring to nominal values.
- The rental levels are the most probable prime rent when signing a new lease agreement.
- All yield levels are referring to net initial yield.

Offices

- The forecast is referring to new/refurbished modern and flexible office premises with normal area effectiveness.
- The rents are referring to premises of at least 500 sqm.
- The rent is excluding heating and excluding property tax.

Retail

- The rents are referring to modern retail premises of 70–250 sqm.
- The rent is excluding heating and excluding property tax.
- The rents refer to prime areas with definitions by each country.

Residential

- The forecast is referring to attractive locations with an area of around 80 sqm.
- Definitions generally, as well as of new and old housing depend on the country.

Logistics

- The forecast is referring to warehouses and logistics premises.
- The rents are referring to premises of 5,000–10,000 sqm with a 10 year lease agreement.
- The rent is excluding heating and property tax.
- The rent refers to modern, newly built premises with a solid lease contract and tenant A properties.

Public Properties

- A public property is defined as a property used predominantly for tax-financed operations and specifically adapted for community service. In this document, public properties are limited to schools (pre-schools and primary schools), hospitals, and elderly care homes.
- The market data refers to public property premises of normal to modern standard with normal space efficiency.
- The market rent refers to the rent excluding supplements.

Exchange rates

All rents and transaction volumes are calculated using the average exchange rates in 2024.

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