

Newsec Property Outlook: Offices stand strong in the Nordics

Following an exceptionally volatile 2022, 2023 has continued in a similar vein. Persistent high inflation, increased interest rates and investor hesitance has led to a relatively slower property transaction market in the Nordic and Baltic countries. Despite the new challenging environment, Newsec sees a promising future ahead. In this edition of the Newsec Property Outlook, Newsec has dived into some of the upcoming opportunities – with a particular focus on the potential of suburban office hubs.

The global COVID-19 pandemic significantly altered the landscape of office occupancy. This trend was particularly pronounced in the Western hemisphere, prompting several analysts to speculate about the end of traditional office-centric work models. However, an alternative pattern has unfolded in the Nordic region, where office occupancy rates have rebounded, nearing their pre-pandemic levels.

Among the Nordic countries, Stockholm provides a compelling example of this shift, with office occupancy rates currently standing at roughly 85% of the figures recorded before the onset of the pandemic. Corresponding data from other Nordic capitals - Copenhagen, Oslo, and Helsinki - also confirms this recovery trend. This Nordic situation offers a contrast to the scene in larger international cities like New York and San Francisco, where office occupancy rates linger at around 40% or lower.

Newsec forecasts that the office will continue to function well in the Nordic context. Office workers are, of course, still increasingly seeking office environments that offer flexibility and accommodate personal preferences – but office hubs, as they exist today, can offer this to a significantly greater extent.

"The way we work and invest globally has changed dramatically due to events like the well known pandemic and geopolitical shifts. In the Nordic region, there's a noticeable bounce back with a greater demand for office spaces, showing that office hubs outside downtown areas in Nordic capitals have exciting potential" says Max Barclay, **Head of Advisory and Deputy CEO Newsec.**

Newsec has recognized the potential in developing suburban office hubs located outside central business districts, given that this is perhaps the most overlooked asset class at the moment. These peripheral office locations align well with the changing work behaviors that favor workplaces closer to workers. Additionally, these areas often come with more attractive rent levels, making them economically viable for tenants, a factor of significant relevance given the prevailing macroeconomic conditions.

"When we dig into data that is related to public transportation and infrastructure, data regarding where people grab their lunch and run their everyday errands, we start to see evidence that backs up the idea of suburban office hubs in our findings. This really adds weight to our argument" says Max Barclay, **Head of Advisory and Deputy CEO Newsec**.

The profound shifts in the global workspace and investment landscape, catalyzed by significant geopolitical events, have made market trends dynamic. Notably, the Nordic region has seen a robust recovery with a resurgent demand for office spaces. This has led Newsec to believe that there is promising potential for growing office hubs outside central business districts in the Nordic capitals.

Access the full report at newsec.com/npo

About the report

The Newsec Property Outlook has been published twice a year since 2001. The free report describes and forecasts the real estate market in Northern Europe, with a focus on the Nordic and Baltic countries. The report has come to be a handy tool for investors, property owners and tenants.

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About Us

Newsec, a service company in real estate and beyond, offers investors, property owners and tenants a full range of services within the five business areas Property Asset Management, Advisory, Investment Management, Energy Transition and Digital Accelerator. The company was founded in 1994 and has revenues of appr 3 MEURO. Newsec employs some 2 600 people spread across the seven Nordic and Baltic markets. Read more on www.newsec.com

Image Attachments

[Max Barclay 2023](#)

Attachments

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