GOKSTAD
ADVISORY

Nordic Hotel Investment Outlook

OCTOBER 2025 HENRI HAKALA

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Yields Expansion Stabilising

The Nordics continue to punch above their weight in the European hotel investment landscape. Despite being relatively small markets in terms of population, Sweden and Denmark accounted for 6% and 5% of total European hotel transactions in H1 2025. This robust investment activity reflects the region's reputation for transparency, liquidity, and operational resilience.

Investors are increasingly attracted to the Nordic hotel market for its stability, and institutional maturity. Prime yields in the Scandinavia remain among the lowest in Europe -ranging from approximately 4.80% in Copenhagen to 5.25% in Oslo - reflecting the region's strong fundamentals and limited risk profile.

Trophy assets in major cities can achieve yields as sharp as 3.0-4.0%, while transactions outside capital markets typically trade in the 7.0–8.0% range. Supported by robust market performance and positive growth outlooks, the Nordics continue to stand out as a secure yet compelling destination for hotel investment capital.

Strong market performance support yield tightening, but not everyone is out of the woods yet

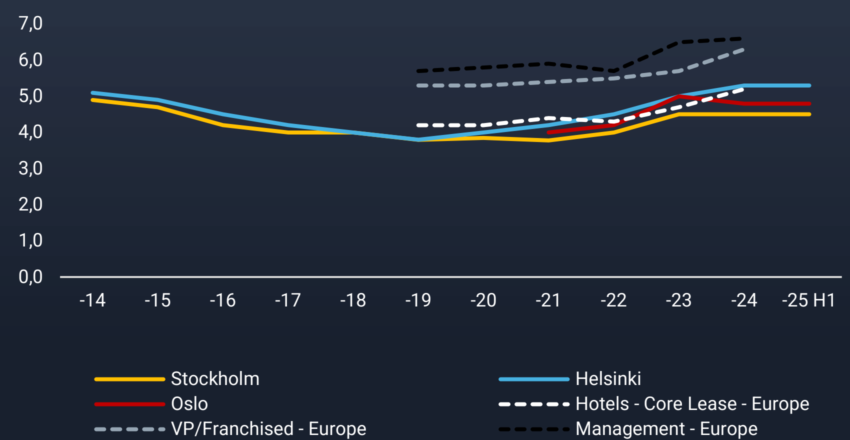
The recent yield expansion across the Nordic capitals has largely stabilised, with 2024 having seen 15–50 bps increases across the capitals. Supported by improving market performance and successful refinancing activity, a gradual compression of yields is anticipated. Nevertheless, select distressed sales are still expected, as certain assets and owners continue to face refinancing challenges. Banks have become increasingly reluctant to grant extensive maturity extensions or forbearance agreements - an issue that persists even as interest rates have moved closer to more comfortable levels.

Hotel Market Performance - Northern Europe

Region/Destination	Q2 2025 RevPAR	Growth y/y	H1 2025 RevPAR	Growth y/y
Europe (EUR)	110	5%	92	4%
Sweden	850	1%	722	1%
Norway	964	7%	865	10%
Denmark	843	7%	655	6%
Finland	64	1%	62	2%
Germany	84	7%	71	4%
UK	93	-0%	80	-1%
London	114	-3%	127	-3%
UK Regional	55	1%	62	0%
Frankfurt	69	8%	69	3%
Berlin	69	-2%	70	-0%
Brussels	85	-1%	95	-2%
Stockholm	645	-4%	836	-2%
Oslo	813	10%	1001	12%
Copenhagen	513	9%	778	8%
Helsinki	51	3%	62	3%

Source: Pandox, STR, values are in local currencies

Nordic Capitals vs Europe - Yields



Source: Savills, Cushman & Wakefield

Selection of Nordic Transactions 2024 – 2025 September

	City	Country	Property	Price (€ million)	Vendor	Purchaser
2025	Helsingborg	Sweden	Scandic Oceanhamnen	Conf.	Granitor Properties	Wihlborgs Fastigheter
2025	Helsinki	Finland	Hotel Maria (Waldorf Astoria)	€80	Samla Capital	M&L Group
2025	Tromsø	Norway	50% of The Dock 69°39 by Scandic	Conf.	Totaleiendom	Saturn Invest
2025	Larkollen	Norway	Støtvig Hotel	€43	Fische Family	Investor consortium
2025	Mo i Rana	Norway	Home Hotel Helma	Conf.	Local investors	Adolfsen Group
2025	Senja	Norway	66% of Hamn i Senja	Conf.	IKO Holding	Sport Impact
2025	Odense	Denmark	Comwell H.C. Andersen	€31	Belling Holding	Sampension
2025	Imatra	Finland	Imatran Valtionhotelli	Conf.	Pandox AB	Peerâ Hotels & Cottages
2025	Rovaniemi	Finland	Apukka Resort	Conf.	Apukka Resort	First Camp Group
2025	Kittilä	Finland	Hotelli Kittilä	Conf.	Lapland Driving Oy	ALBD Lapland Oy
2025	Copenhagen	Denmark	Comwell Portside Dolce by Wyndham	€134	AP Pension/Keva	AKF/Sampension
2025	Copenhagen	Denmark	Development/Conversion to Bob W	Conf.	Confidential	Slättö
2025	Multiple	Multiple	28-hotel portfolio	€900	Midstar Fastigheter AB	CapMan Hotels II
2025	Multiple	Sweden	Portfolio includes offices and one hotel	€159	Corem	Castellum
2025	Kiruna	Sweden	Elite Hotel Frost	€31,4	City of Kiruna	Pandox AB
2025	Reykjavik	Iceland	Exeter Hotel+Office	€45	MF2	Hemar hf.
2025	Helsingborg	Sweden	Clarion Hotel & Congress Sea U	Conf.	Granitor Properties	Wihlborgs Fastigheter
2025	Helsinki	Finland	Citybox Helsinki	Conf.	Ylva	Niam
2024	Stockholm	Sweden	Clarion Hotel Stockholm	Conf.	Aspelin Ramm	NREP
2024	Oslo	Norway	Comfort Hotel Karl Johan	Conf.	CBRE IM	NREP
2024	Tromsø	Norway	Radisson Blu Hotel Tromsø	€66	DNB Livsforsikring	Pandox
2024	Gothenburg	Sweden	Hotell Karlatornet	€58	Balder / Serneke	Balder
2024	Gothenburg	Sweden	First Hotel G	€53	Deka Immobilien	Sinoma Fastigheter
2024	Stockholm	Sweden	Villa Dahlia	Conf.	Vernum Fastigheter	Folksam
2024	Oslo	Norway	Savoy Hotel	€19	Entra	Njord Securities
2024	Copenhagen	Denmark	Boutique Hotel Herman K	€19	Dansk Ejendoms Management	AKF
2024	Tromsø	Norway	Clarion Hotel Edge [50%)	Conf.	Aspelin Ramm	Pellerin
2024	Malmö	Sweden	Hotel Mortesen	€4,3	Vasakronan	Private Individual
2024	Brædstrup	Denmark	Hotel Pejsegården	€3,6	Private Individual	Danske Hoteller A/S

Source: Gokstad Advisory Research

Is the Nordic Lease Model Under Pressure

The Nordic hotel market has long stood as a stronghold of fixed leases with limited variable upside, characterised by steady yields and dominated by established domestic operators and pension funds. Historically, both investors and lenders have valued the region's low-volatility structure - one built on predictable cash flows and minimal operational exposure. Yet the dynamics are shifting, and change is emerging from several directions.

The pandemic served as a wake-up call for many investors, revealing that even long-standing leases are not entirely bulletproof. Some agreements contained no cap on CPI-linked indexation, leading to sharp rent escalations as inflation surged.

In several cases, operators have since struggled to meet their lease obligations despite healthy trading performance, resulting in a decline in lease cover ratios. This, in turn, has compressed investor confidence and widened the perceived risk premium, causing a softening in yields for lease-backed assets.

While financing is not currently seen as the primary challenge in European real estate markets - despite the tightening effects of Basel III/IV - the persistent yield gap between buyers and sellers remains a concern. This gap is expected to endure, particularly for assets that have not yet been repositioned or upgraded to achieve sufficiently high ESG ratings, a key requirement as core and core-plus investors gradually re-enter the transaction market.

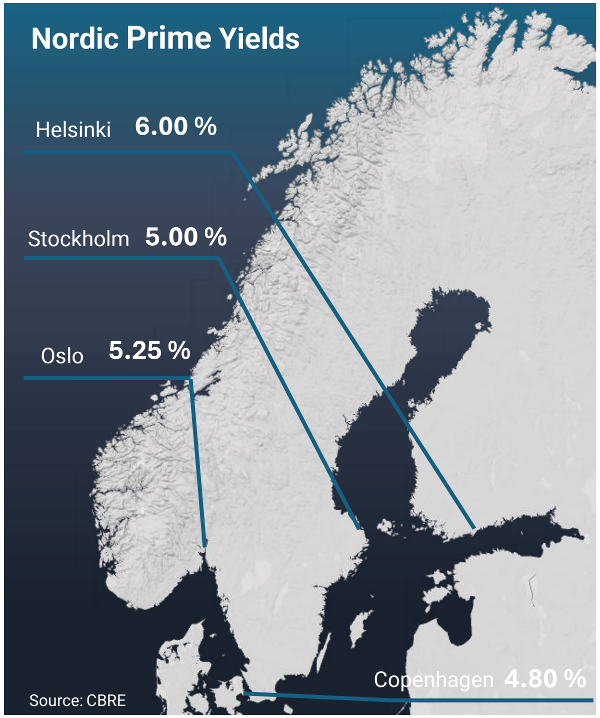
The Rise of Flexible Agreements and New Market Entrants

At the same time, international investors are becoming increasingly active across the Nordics, bringing with them a more flexible investment philosophy shaped by continental European and UK practices.

Accustomed to management agreements elsewhere, these investors are more willing to embrace operational exposure where they see genuine value creation potential.

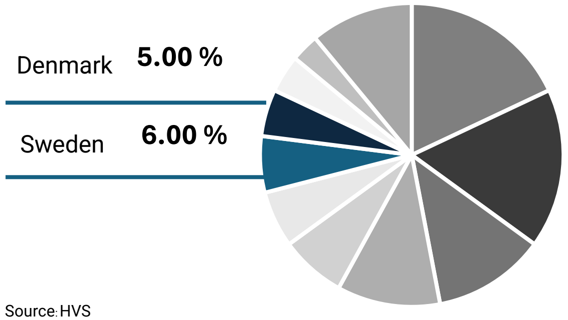
Parallel to this, global operators - many of whom traditionally prefer management contracts - are adjusting their approach by introducing innovative hybrid structures or well-calibrated leases to secure entry into this evolving region. The first wave of this transformation is expected to take root in prime city assets and luxury resort developments, where brand strength, market transparency, and trading resilience support a management-led structure.

Over time, as comfort levels increase and performance benchmarks are established, the trend is likely to extend to other segments, accelerating the adoption of management and hybrid agreements across the Nordic markets. This evolution marks a structural rebalancing of risk and reward between investors and operators,



Nordic Countries Outperform Their Size in European Hotel Investment Activity

2025 H1 European Hotel Transactions



aligning the Nordics more closely with broader European and U.S. investment norms.

Capital Flowing North: Financing Innovation and Opportunity

Crucially, the ongoing transformation in deal structures is supported by a parallel shift in the financing landscape. Private equity funds and pan-European commercial banks are moving northwards alongside investors, attracted by improving liquidity and market fundamentals. These capital providers are structuring transactions through traditional CMBS and mezzanine financing, as well as through pure equity vehicles.

> ***The Nordics attract lenders, investors, and operators alike - from core city centre assets to high-yield luxury resorts.***

In such cases, loan-to-cost ratios are now reaching 75–80% - a level that is considered quite aggressive in the conservative Nordic lender market only a few years ago. The return of structured debt and hybrid capital is providing investors with enhanced leverage options, supporting more dynamic transaction and development activity even in a pricing environment marked by uncertainty.

For investors, this new landscape offers both opportunity and complexity. Management agreements and hybrid structures can unlock significant upside but require a deeper operational understanding and an active asset management approach.

Those capable of combining financial discipline with an appreciation of brand strategy, market cycles, and the distinct features of the Nordic investment environment will be well positioned to capture the next phase of value creation in this evolving hotel market

Nordic Investment Outlook

The outlook for the Nordic hotel investment market is increasingly optimistic, underpinned by growing investor confidence and structural shifts in deal-making. Investors are showing willingness to acquire the right hotels and take calculated operational risks, moving beyond the region's traditional preference for fixed leases. While Nordic pension funds have yet to divest in large volumes, selective sales and recapitalisations are expected to create entry opportunities for private equity, family offices and cross-border institutional investors.

With hotels proving inflation-resilient globally, the Nordics are attracting buyers from outside the region, drawn by transparent governance, sound political landscape, and strong domestic economical fundamentals.

Across Europe, leisure travel has fully recovered and now exceeds 2019 levels, driven by strong consumer demand for experiences and higher spending per trip. Business travel, however, remains subdued as corporates remain cautious on budgets and the culture of remote work reshapes the nature of meetings and events. This divergence is influencing investment strategy: while capital cities such as Copenhagen, Stockholm and Oslo, continue to perform strongly, investors are increasingly focusing on leisure-led assets and mixed-use developments with lifestyle, F&B, and wellness components that cater to shifting demand.

At the same time, structural tourism trends favour the region's long-term appeal. The "coolcation" movement and sustained global interest in Lapland, Lofoten and other nature-based destinations continue to fuel international demand, supporting both occupancy and rate growth.

As capital from Europe, the Middle East, and Asia flows north, the Nordic market is set to become more diverse and sophisticated, characterised by a wider range of ownership structures, management models, and investor types. With robust fundamentals, ESG leadership, and rising global visibility, the Nordics are positioned to emerge as one of Europe's most compelling and resilient hotel investment destinations in the years ahead.

Positive Growth in Majority of the Cities

RevPAR performance across the Nordics remains generally strong, with clear regional distinctions. Lapland continues to perform exceptionally well, driven by robust winter tourism and increasing international demand. However, a significant portion of overnight stays are absorbed by Airbnb and short-term rentals, as hotel capacity struggles to meet seasonal peaks.

In contrast, Helsinki's market remains subdued, impacted by the Russia–Ukraine war, reduced air connectivity to Asia due to restricted airspace, and a surge of new supply introduced just before the pandemic, which continues to weigh on performance.

In Sweden, the market shows continued resilience, supported by strong domestic purchasing power and sustained local demand, with Stockholm and Malmö maintaining upward momentum.

Gothenburg is gradually recovering following a period of heavy new supply absorption.

Meanwhile, Copenhagen continues to outperform, pushing already high room rates even higher, solidifying its position as one of Europe's most attractive and liquid hotel markets.

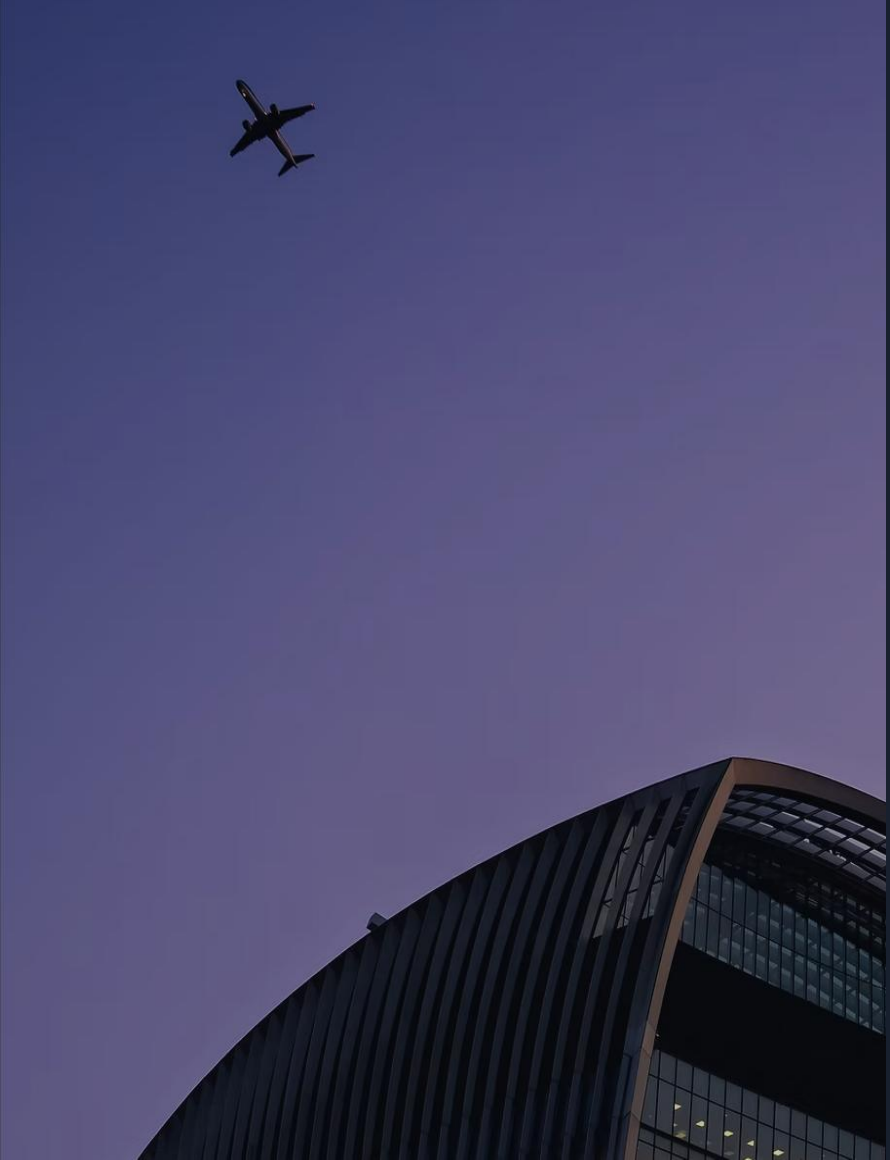
RevPAR Performance

City	2019	2023	2024	2024 vs 2023	2024 vs 2019	2024 in €
Copenhagen	753	753	800	6,2 %	6,2 %	107
Aarhus	488	560	584	4,3 %	19,7 %	78
Aalborg	336	386	383	-0,8 %	14,0 %	51
Odense	382	492	502	2,0 %	31,3 %	67
Helsinki	86	64	68	7 %	-21 %	68
Inari	42	51	54	6 %	28 %	54
Kittilä	55	76	85	11 %	56 %	85
Rovaniemi	79	104	123	19 %	56 %	123
Savonlinna	49	59	64	9 %	31 %	64
Sodankylä	74	75	123	63 %	66 %	123
Tampere	62	70	67	-4 %	8 %	67
Turku	65	63	62	0 %	-4 %	62
Oslo	714	887	943	6,3 %	32,1 %	81
Tromsø	777	1 016	1 246	22,6 %	60,4 %	107
Bergen	592	812	927	14,2 %	56,6 %	80
Trondheim	663	840	824	-1,9 %	24,3 %	71
Stavanger	500	738	844	14,4 %	68,8 %	73
Stockholm	798	842	893	6,1 %	11,9 %	78
Uppsala	567	658	663	0,7 %	17,0 %	58
Malmö	593	663	695	4,8 %	17,2 %	61
Gothenbrug	805	869	768	-11,6 %	-4,6 %	67

Cities in Northern Nordics are more seasonal hence than main cities, hence increasing the RevPAR as hotels currently are closed mainly during the summer season

Sources: Benchmark Alliance, Tilastokeskus, Tillväxtverket,CBRE

Operating Across the EMEA



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