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Hotel Market Snapshot: Nordics August 2026 YTD

FINLAND | SWEDEN | NORWAY | DENMARK | ICELAND

October 2026



Nordics hospitality market

Why the Nordics, why now?

The Nordic hospitality market continues to stand out for its resilient travel demand, strong destination appeal and established reputation for quality, innovation and sustainability. From well-connected capital cities and established corporate markets to emerging leisure, resort and Arctic destinations, the region offers a diverse hospitality landscape shaped by evolving traveller preferences and increasing international visibility. The growing popularity of “coolcation” travel, as travellers seek milder climates and nature-led experiences during the warmer months, could further strengthen the region’s appeal and support tourism demand beyond its traditional source markets.

Against a backdrop of stabilising economic conditions, continued growth in international tourism and renewed investor interest, the Nordic markets offer a broad range of opportunities for hotel owners, operators, developers and investors. However, demand profiles, operating costs, supply dynamics and investment conditions vary materially between countries and destinations. This publication examines the macroeconomic and tourism fundamentals shaping hotel demand, alongside recent market performance, hotel costs and profitability, existing supply, development pipelines and operating structures. It also reviews transaction activity and investment dynamics, highlighting the principal trends, opportunities and risks influencing the Nordic hospitality market.



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Recent consultancy experience in the Nordics

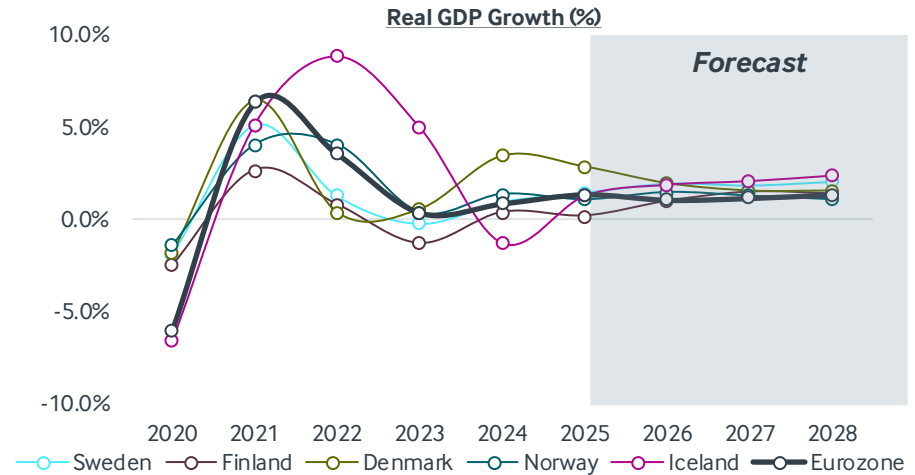
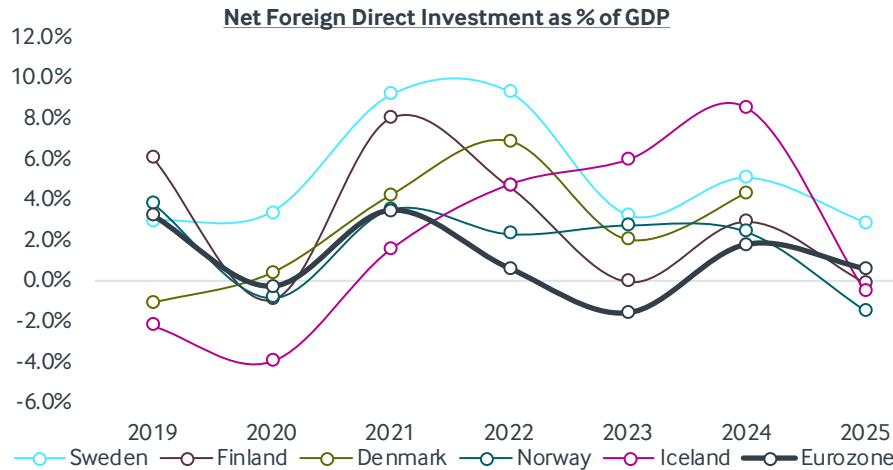
White paper: luxury hotel development potential in the Nordics

- Assessed luxury hotel investment potential across the Nordic region
- Analysed tourism demand, connectivity, hotel supply and development pipeline
- Identified priority markets, opportunities and development constraints
- Developed recommendations on market entry, positioning and development typology

Business plan review: portfolio of six internationally branded hotels across Denmark and Norway

- Conducted on behalf of an international hotel operator
- Reviewed projections for a seven-hotel portfolio across Norway and Denmark
- Benchmarked historical and forecast performance against market norms
- Identified key risks, opportunities and financial assumptions
- Assessed EBITDA conversion, lease obligations and franchise agreements

Macroeconomic highlights



Macroeconomics Ranking* Summary Table

Metric						
GDP Growth	5	2	6	4	3	1
Net foreign investment	6	2	4	3	5	1
Unemployment	4	5	6	1	2	3
Inflation	4	3	1	2	5	6
Overall	6	3	5	1	4	2

Note*: Rankings are based on equal weighting, with higher growth and investment, and lower unemployment and inflation, ranked more favourably (1 being the most favourable and 6 being the least favourable ranking).

Economic growth is becoming more stable, providing a more predictable backdrop for hotel trading and investment. Improving business confidence and household spending should support corporate and leisure demand, although **Iceland's more cyclical economy** may continue to produce greater volatility.

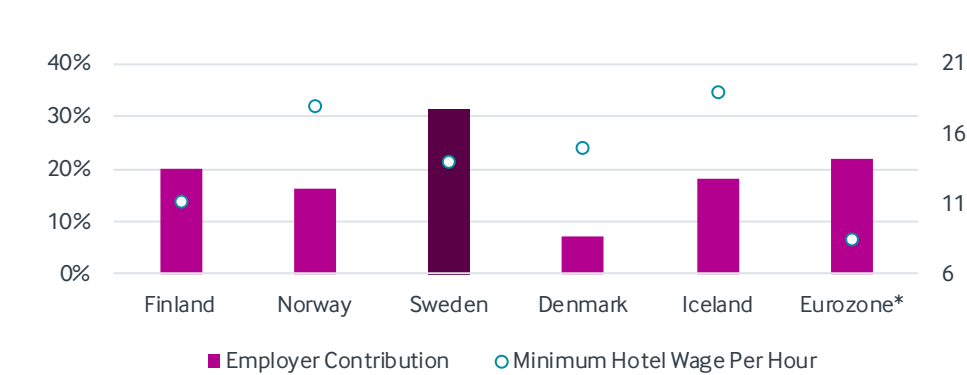
Investment flows remain uneven. Lower FDI (Foreign Direct Investment) may constrain capital for hotel acquisitions and development, but short-term movements do not necessarily signal a sustained reduction in investor interest.

Labour and inflation trends vary materially by market. Tight labour markets may increase hotel staffing costs, while higher unemployment could weaken domestic demand. However, **strong international visitation and the common Nordic labour market**, which enables workers to move readily between countries, provide some **insulation from labour-related demand and supply pressures**. Moderating inflation should ease costs and improve pricing visibility, although inflation remains more persistent in Iceland.

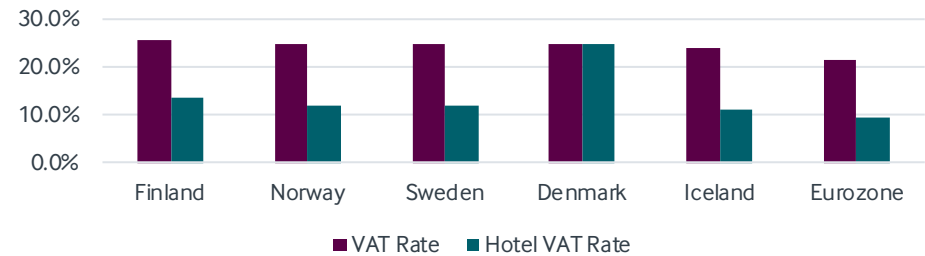
All **five Nordic countries rank ahead of the Eurozone overall**, with most also outperforming it across individual indicators. **Denmark ranks first**, while **Iceland leads on GDP growth and foreign investment**; Finland is the principal outlier, ranking **below the Eurozone on GDP growth and unemployment**.

Hotel costs: labour & taxation

2026* Employer Contributions and Minimum Hotel Wages



2026* Standard and Hotel VAT Rates



The charts indicate a **mixed Nordic cost environment**. **Finland appears most advantageous** for cost-sensitive hotel operations, combining a low-wage floor with the region’s lowest electricity price, while its hotel VAT rate remains broadly comparable to its peers. **Norway offers the most balanced profile**, with low electricity costs and moderate employer contributions partly offsetting its higher wage floor. **Iceland also benefits from inexpensive power and favourable hotel VAT**, but high wages dilute this advantage.

Denmark presents the clearest trade-off: low employer contributions support payroll efficiency, but the absence of reduced hotel VAT and comparatively high electricity prices make the wider cost position less favourable. **Sweden appears the most labour-intensive market** because of its high employer contribution rate, despite a reduced hotel VAT.

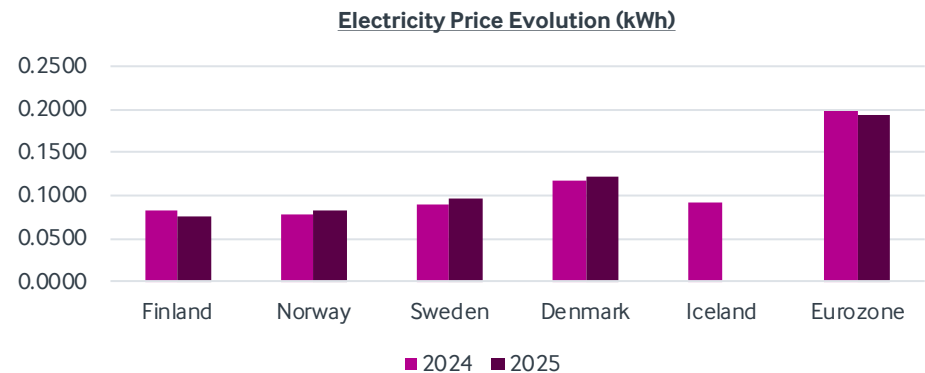
“ Labour costs vary materially. Overall, Finland offers the strongest operating cost position.

2026*: As of 1 January 2026

Eurozone* labour figures are simple averages across 14 countries with comparable data. Monthly minimum wages were converted to hourly rates using 173.33 hours per month; countries without comparable data were excluded.

Sources: Hotstats, HORESTA, HRF, OECD, Skatteverket, NHO Reiseliv, Skatteetaten, Efling, Skatturinn, PAM, Vero, Eurostat, Hotrec Hospitality, Christie & Co Analytics

Hotel costs: utilities & profitability



These **cost structures appear broadly competitive relative to the rest of Europe**. **Nordic labour costs are generally higher than the Eurozone benchmark**, which may place some pressure on profitability given labour’s significant share of hotel revenue. Conversely, **lower utility costs provide a relative advantage**. Furthermore, Northern Europe’s* **GOP margin reached 36.5%, placing the region above Western Europe’s 33.6% margin**, but below Eastern and Southern Europe, supporting a broadly comparable overall cost and profitability position.

Indicative* Cost Benchmarks



Labour costs:
30% to 35% of total hotel revenue



Utility costs:
3% to 5% of total hotel revenue

Lower utility costs help counterbalance higher labour costs, supporting competitiveness across Europe.

Northern Europe* includes markets beyond the Nordics, so the figures above provide regional context rather than a Nordic profitability benchmark. Indicative* cost benchmarks reflect global benchmarks and are not Nordics specific

Sources: Hotstats, HORESTA, HRF, OECD, Skatteverket, NHO Reiseliv, Skatteetaten, Efling, Skatturinn, PAM, Vero, Eurostat, Hotrec Hospitality, Christie & Co Analytics

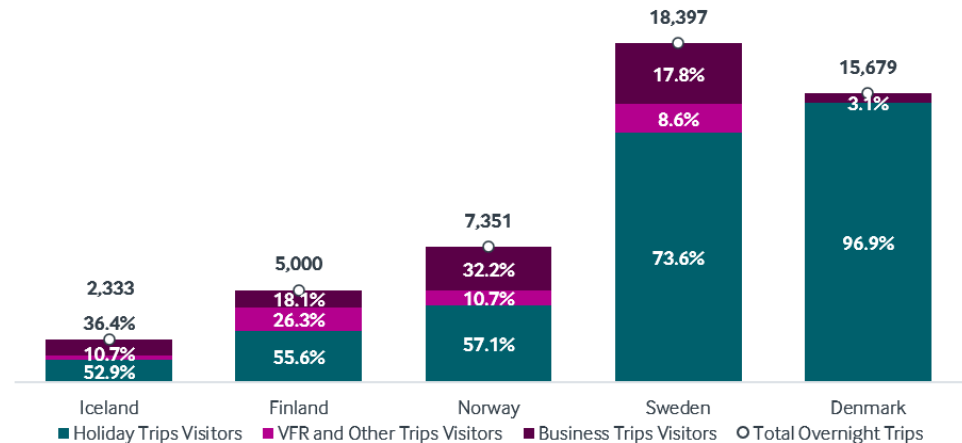
Tourism profile

Leisure drives inbound tourism, particularly in Denmark and Sweden. Norway and Iceland benefit from a more balanced leisure and business mix. Domestic demand provides resilience in Sweden, Finland and Norway, reducing exposure to international travel disruption, **while Iceland remains the most internationally dependent market** and Denmark has a more balanced demand profile.

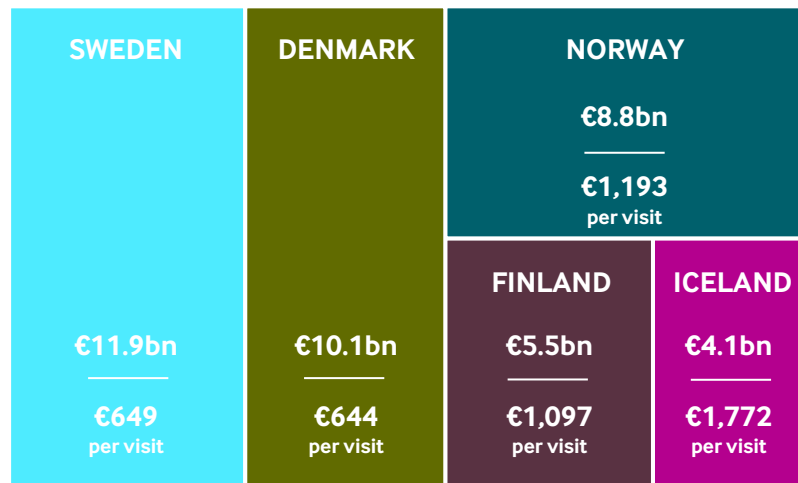
Tourism value differs from visitor volume. Sweden generates the highest annual inbound expenditure, while Iceland records the highest spend per visit. Norway and Finland also generate comparatively strong visitor spend despite lower inbound volumes.

For hotels, **domestic demand should underpin base occupancy in Sweden, Finland and Norway**, while **Denmark and Iceland offer greater rate upside from international demand**, albeit with higher exposure to external travel shocks. Looking ahead, the growing prevalence of **coolcation travel** could generate **additional demand across the region** as rising temperatures elsewhere in Europe encourage travellers to seek cooler summer destinations.

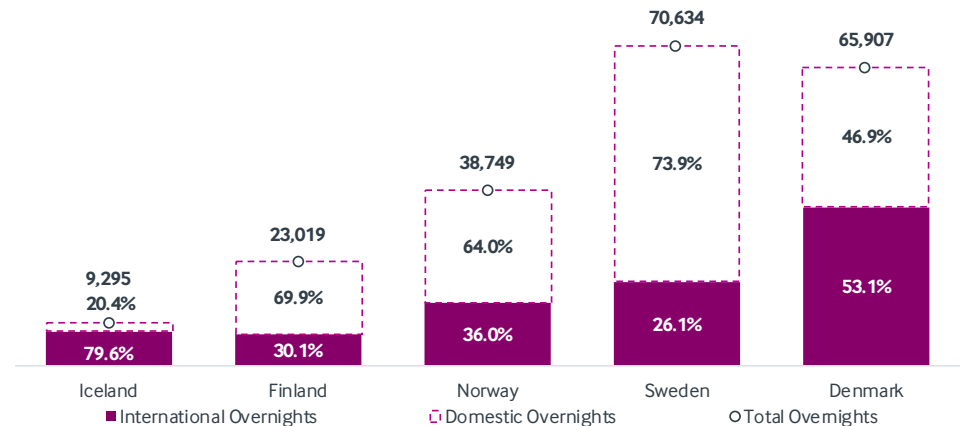
2025 Inbound Trips by Purpose ('000s)



Tourism Spending 2025



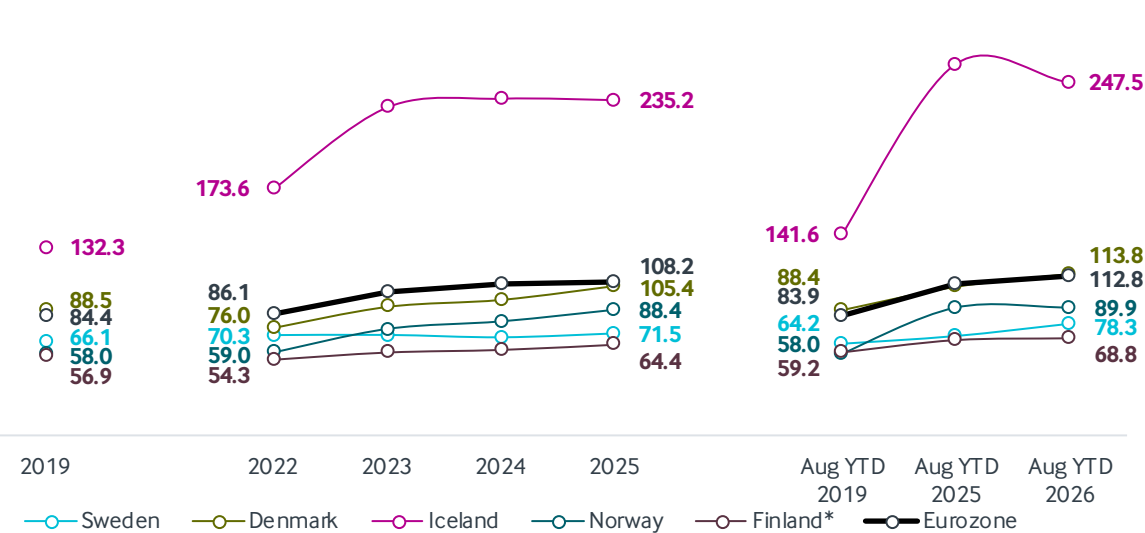
2025 Overnight Stays: Domestic vs International ('000s)



Sources: Eurostat, Statistics Denmark, Statistics Finland, Statistics Iceland, Statistics Norway, Statistics Sweden, UN Tourism, Christie & Co Analytics

Hotel market performance

RevPAR (€) Trends Nordic Markets



Growth Rankings

Country	2019 – 2025 Growth Driver	2026 YTD Rankings*
Iceland	Entirely ADR Driven	1
Norway	Mostly ADR Driven	2
Sweden	Entirely ADR Driven	3
Denmark	Entirely ADR Driven	4
Finland	Mostly ADR Driven	5

Rankings* are based on each country's Aug YTD 2026 RevPAR index relative to its Aug YTD 2019 baseline, with 1 representing the strongest performance.

The **Nordic hotel sector has largely moved beyond the recovery phase**, although performance remains uneven across markets. **Iceland remains the strongest growth performer**, with its **RevPAR index* reaching 1.78 in 2025**, followed by Norway at 1.53. In absolute terms, **Iceland also recorded the highest FY2025 RevPAR at €235.2**, significantly ahead of Denmark at €105.4 and Norway at €88.4. Denmark recorded more moderate growth, while Sweden and Finland remained only slightly above their FY2019 levels. **RevPAR growth was predominantly ADR-driven across all five markets**. Norway also benefited from improved occupancy, while lower occupancy marginally offset ADR growth in Iceland and Sweden.

August YTD 2026 figures indicate some normalisation following the strong growth recorded in 2025. **Iceland still ranks first with an index of 1.75**, ahead of Norway at

1.55. Denmark ranks third at 1.29, followed by Sweden at 1.22 and Finland at 1.16. **Iceland also leads on absolute RevPAR at €247.5**, followed by Denmark at €113.8 and Norway at €89.9, while Sweden and Finland recorded €78.3 and €68.8, respectively. All five markets remain above their August YTD 2019 RevPAR baselines, although the scale of growth continues to vary across the region.

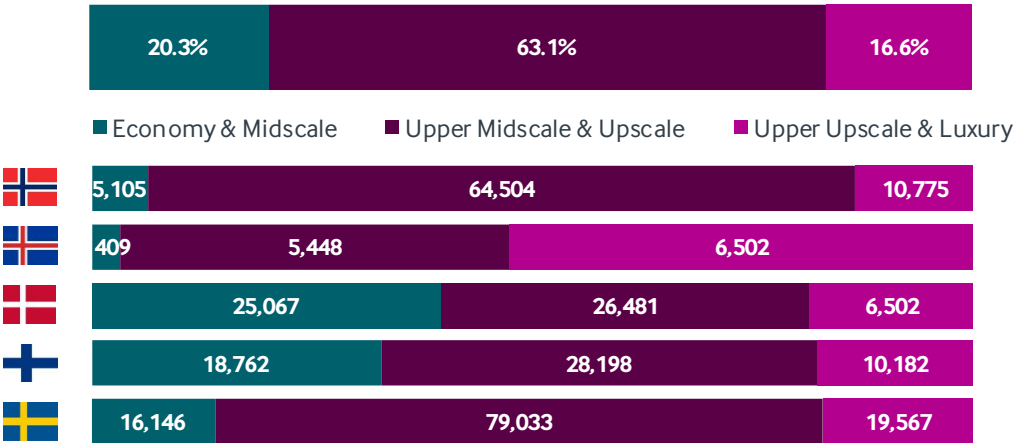
Compared with the Eurozone, Iceland and Norway recorded stronger RevPAR growth, while Denmark broadly matched the Eurozone by August YTD 2026; however, **only Iceland achieved a materially higher absolute RevPAR**, with Denmark slightly above and the remaining markets significantly lower.

Hotel supply & pipeline

Supply Breakdown & Number of Rooms Per Country



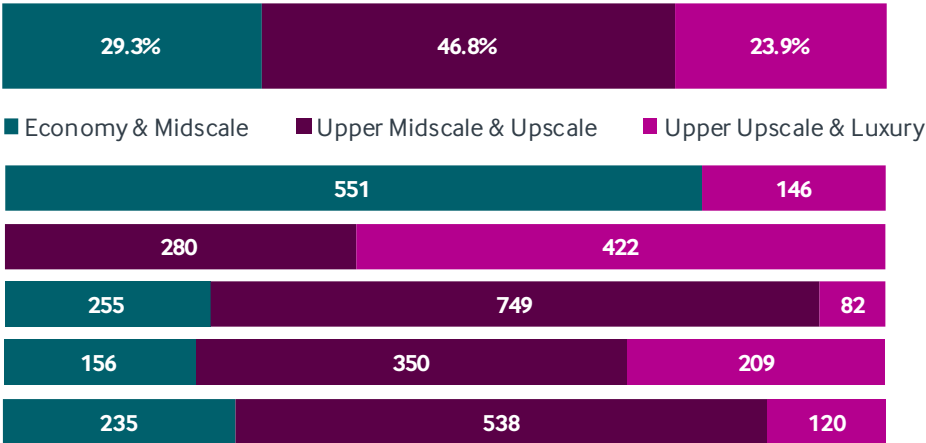
322,681 Rooms Total Current Supply



Pipeline Breakdown & Number of Rooms Per Country



4,093 Rooms Total Pipeline



Selected Pipeline Properties



Ruby Copenhagen, Denmark (219 Keys, Under Construction, Opening 2027)



Moxy Aarhus, Denmark (188 Keys, Under Construction, Opening 2027)



The Hoxton Oslo, Norway (146 Keys, Under Construction, Opening 2028)



Wilderness Hotel Junsele, Sweden (120 Keys, Final Planning, Opening 2029)



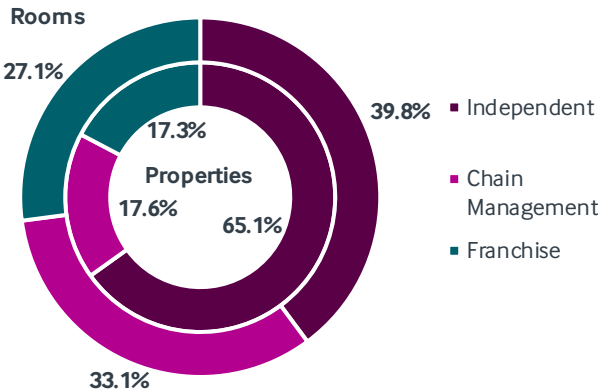
Royal Arena Hotel Helsinki, Finland (350 Keys, Final Planning, Opening 2029)



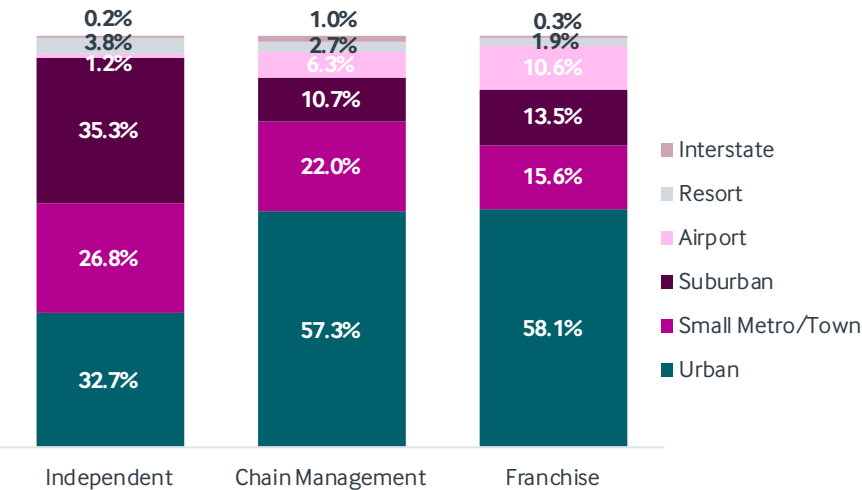
Hyatt Centric Reykjavik, Iceland (172 Keys, Under Construction, 2027)

Hotel operating structures

2026 YTD Operating Models by Properties and Rooms



2026 YTD Room Supply by Operating Model and Location



Independent: The owner operates the hotel without affiliation to a hotel chain, retaining control and full exposure to trading performance.

Chain Management: A hotel chain operates the property on the owner’s behalf, managing day-to-day operations in return for management fees.

Franchise: The owner or a third-party operator runs the hotel using a chain’s brand, distribution and systems in return for franchise fees.

Independent hotels dominate by number, accounting for 65% of properties but only 40% of rooms, reflecting their **smaller average size of 58 rooms**, compared with **177 rooms for chain-managed hotels and 149 rooms for franchised hotels**.

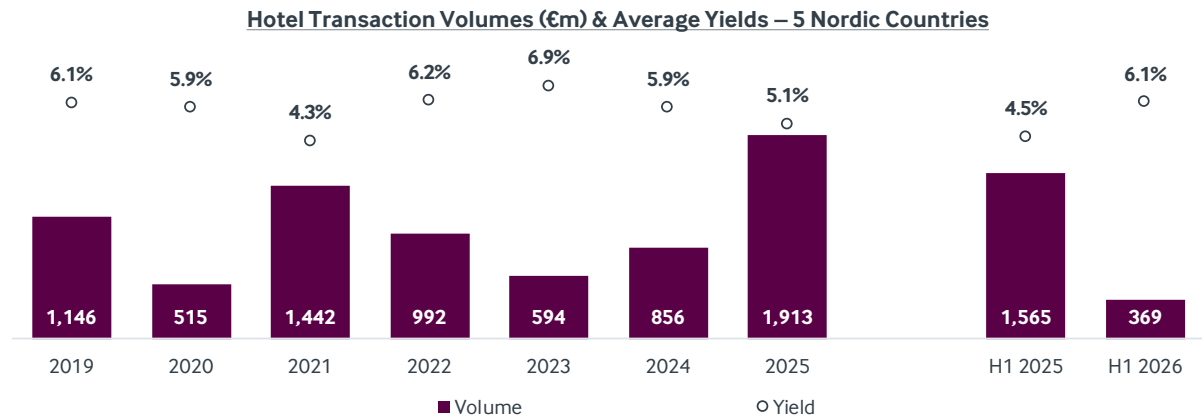
Operating structures and brand penetration vary materially by market. **Independent hotels are most prominent in Iceland and Denmark**, accounting for 62% and 52% of room supply, respectively, compared with 41% in Finland, 38% in Sweden and 28% in Norway. **Chain management is most prevalent in Norway and Finland**, representing around 40% of rooms in both markets, while **franchising is strongest in Sweden**, at 33%, and remains relatively limited in Iceland. **Chain-managed and franchised supply is also strongly urban-focused**, with approximately 57% and 58% of rooms located in urban markets, respectively. **Independent supply is more dispersed** across urban, suburban and smaller metropolitan locations.

The **Nordic market also has a well-established tradition of long-term hotel leases**, under which the **operator leases the property and assumes operating risk** while paying rent to the owner. Revenue-based leases with **minimum guaranteed rent are commonly used**.

The fragmented independent segment may provide opportunities for further brand conversion and consolidation. Larger independent hotels in urban and small metropolitan markets are likely to be the most suitable candidates, given the potential benefits of chain distribution and loyalty platforms.

Operating Structure: The dataset includes leased hotels, which may be classified as independent, chain-managed or franchised depending on the hotel’s operating and brand affiliation.

Hotel transactions landscape



Hotel transaction **volumes have fluctuated considerably in recent years**, peaking at approximately €1.9 billion in 2025. By comparison, €369 million was recorded in H1 2026, **indicating a significant slowdown from 2025**. Transaction activity also varied considerably across the Nordic markets, **with Sweden recording the highest hotel transaction volume in 2025** and Iceland the lowest. Average yields in the Nordics **have ranged from 4.3% to 6.9% since 2019**, broadly reflecting movements in global interest rates and financing conditions. Yields softened as interest rates increased, before tightening to 5.1% in 2025 and rising again to 6.1% in H1 2026.

Country	2025 Total Transaction Volume Share	
Sweden		41%
Denmark		33%
Norway		20%
Finland		5%
Iceland		1%

2025 & H1 2026 Selected Transactions



25hours Hotel Copenhagen, Denmark (243 Rooms, €316k per key)



Radisson Blu Hotel Tromsø, Norway (269 Rooms, €239k per key)



Helnan Marselis Hotel Aarhus, Denmark (101 Rooms, €388k per key)



Elite Hotel Frost Kiruna, Sweden (154 Rooms, €200k per key)



Riviera Hotel Moss, Norway (175 Rooms, €268k per key)



Lapland Hotels Arena Tampere, Finland (273 Rooms, €147k per key)

Sources: MSCI Real Capital Analytics , Christie & Co Analytics

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