



Oslo Outlook

December 2023



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Summary

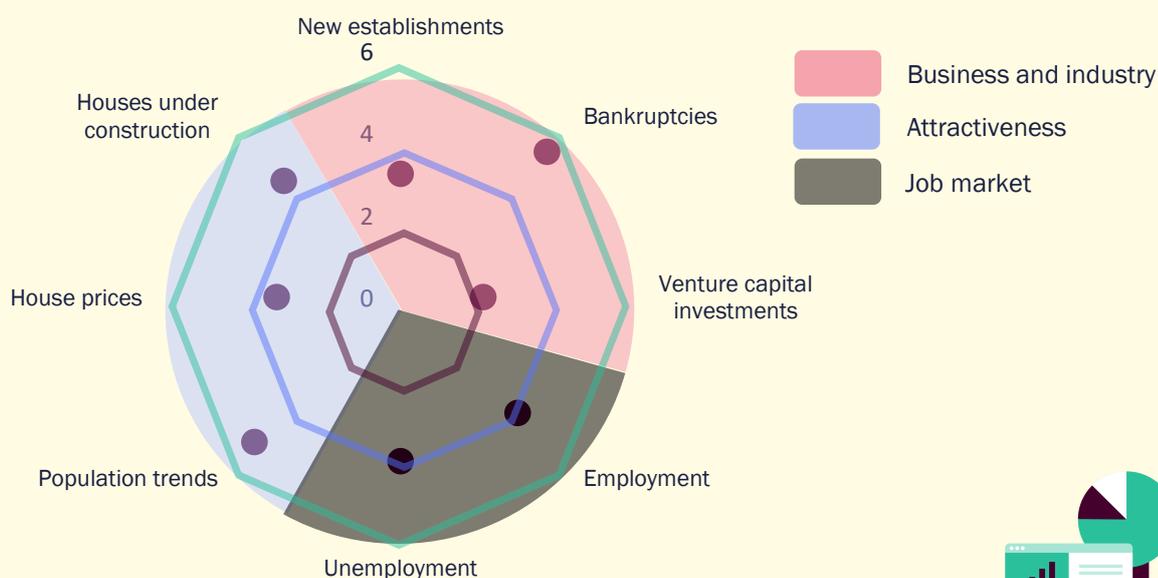
Job Market in Oslo: Employment remains stable in Oslo, with a slight shift of labor from the public to the private sector. The ICT industry, manufacturing, and accommodation and food services sectors are hiring more employees, with employment in these sectors growing by between 2.5 and 3 percent. For the first time in 2023, the number of job vacancies has increased, with 1.5 available positions for every unemployed individual in the city as of October.

Business in Oslo: The number of investments in growth companies in Oslo is reduced by 47 percent from the second to the third quarter of 2023. This aligns the city with Copenhagen, which previously had half as many investments as Oslo. The value of investments in growth companies in Oslo increases by 10 percent. Despite this increase, Oslo experienced an overall decline in investments from 2022 to 2023. By the end of the third quarter of 2023, the total invested amount was less than half as large as that invested throughout the entire year of 2022.

City Attractiveness: The initiation of new housing has picked up, following a year with very few starts in 2022. In the third quarter of 2023, 750 new housing units were initiated in Oslo, six times as many as in the previous quarter. However, the total number of housing starts in 2023 is expected to be lower than the levels seen in 2021 and 2020.

The population of Oslo grew by 2,823 people in the third quarter of 2023. Net immigration increased due to a rise in immigration and a reduction in emigration. For the first time since 2019, domestic net migration was also high. This uptick, along with strong domestic net inflow, suggests that the city's migration flows are returning to normal after lower levels during the pandemic and in 2022.

Figure 1: Overall assessment of the indicators within the areas of business and industry, attractiveness and job market. Each indicator is ranked from 1-6, where 6 is assessed as a very positive development.



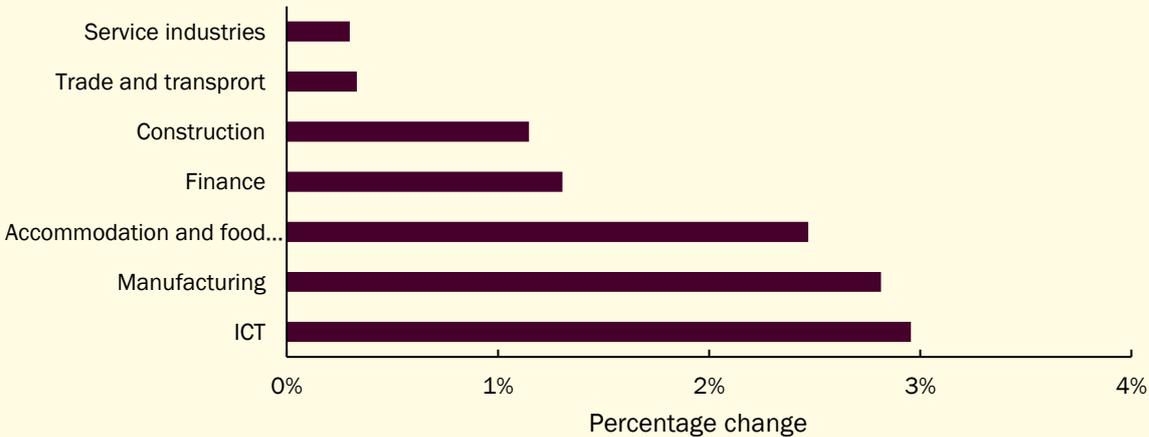
Job market

Employment

Employment in Oslo saw a modest increase of 0.3 percent in the third quarter of 2023, continuing the relatively stable employment levels observed over the past year. The private sector experienced an employment growth of 0.6 percent, while public sector employment declined by 0.7 percent. All private sectors saw some employment growth. Despite the low overall increase, there was significant growth in certain industries. The largest growth occurred in the ICT industry (3 percent), manufacturing (2.8 percent), and accommodation and food services (2.5 percent).

Unemployment in Oslo has remained stable at 2.4 percent since July this year and continues to be lower than in the other Nordic capitals.

Figure 2: Quarterly employment in Oslo, Q3 2023. Source: Statistics Norway table 13164



Vacancies

The number of job vacancies in Oslo rose in the third quarter, marking the first increase since the end of 2022, reaching 6,206 in October. While this is still a low figure from a longer-term perspective, increased demand for labor may indicate that parts of the business sector are experiencing high demand and a need for workers. With more job openings and unchanged unemployment rates, there were 1.5 job seekers for every vacancy in the city in October, down from 2.2 in the previous report.

Figure 3: Number of vacant positions in Oslo, three-month moving average.³ Source: NAV



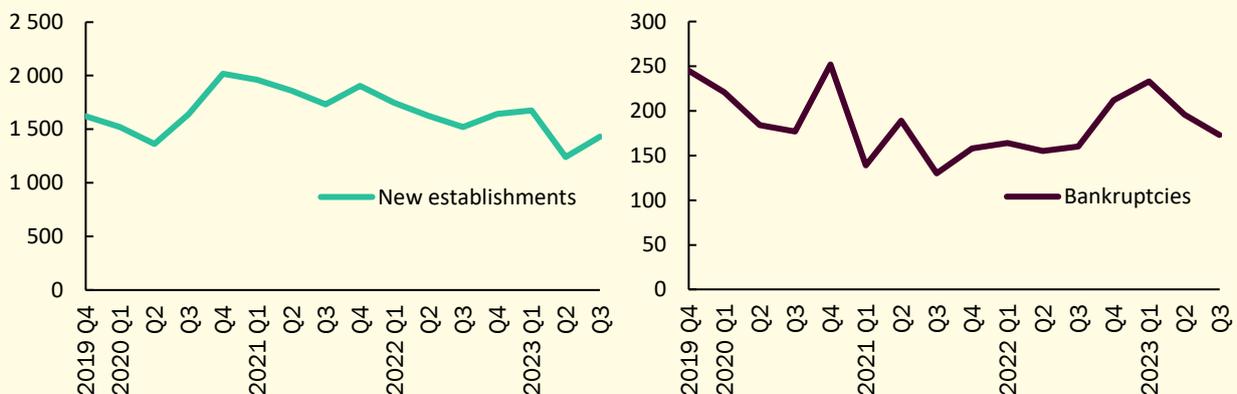
Business and industry

New establishments and bankruptcies

In the third quarter of 2023, 1,432 companies were established in Oslo, representing a 16 percent increase from the previous quarter. However, the rate of establishment was still low relative to historical figures for Oslo, only marginally higher than the low point in 2020. The majority of new companies were in the ICT services and real estate management sectors.

173 companies went bankrupt in Oslo in the third quarter of 2023, mainly within the construction and retail trade sectors. This represents a 12 percent decrease from the previous quarter, following a period of higher-than-normal bankruptcy rates over the last three quarters.

Figure 4: Number of new establishments and bankruptcies in Oslo. Source: Statistics Norway table 08076 and 10790

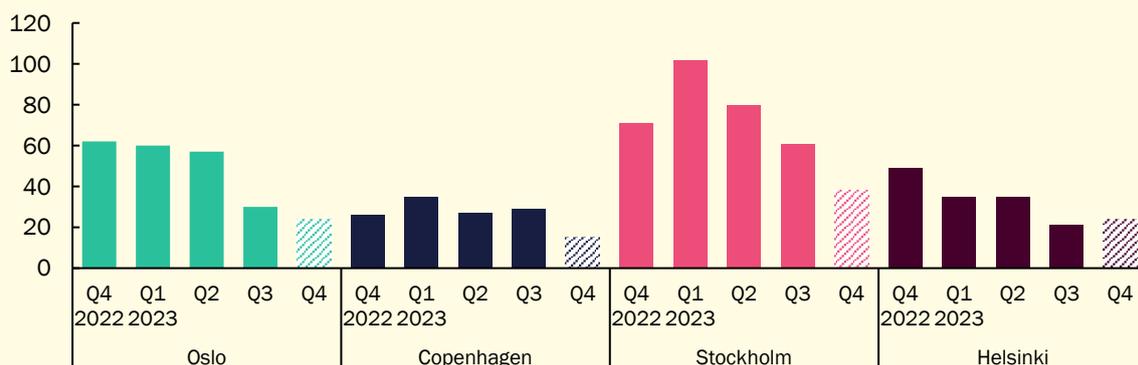


Investments in scale-ups

During the third quarter of 2023, Oslo experienced a significant decrease in the number of investments, with a 47 percent reduction from the previous quarter. Over the last year investment activity in growth companies in Oslo has been relatively stable, with about 60 investments quarterly. This level has gradually approached what we see in Stockholm, mainly due to a decline in the Swedish market. With only 30 investments in the current quarter, Oslo is now on par with Copenhagen, which traditionally has had about half the number of investments in Oslo. Overall, investment activity seems to be declining across the Nordics, with fewer investments recorded in both Stockholm and Helsinki.

The invested amount in Oslo increased by 10 percent from the second to the third quarter, but overall, investments have been lower in Oslo in 2023 than in the previous two years. By the end of the third quarter, the invested amount in growth companies in the city was less than half of the total amount in both 2022 and 2021. Investments have also significantly decreased in Helsinki. By the end of the third quarter in 2023, the total investments in the city were only a third of the cumulative sum from last year.

Figure 5: Number of investments in scale-ups in the Nordic capital regions. Data are from 5.12.2023, Q4 2023 can thus not be directly compared with Q3. Source: Dealroom.co



Attractiveness

Houses under construction

In the third quarter of 2023, 750 new housing units were initiated in Oslo, a sixfold increase from the previous quarter and a 94% increase compared to the same period in 2022. This surge can be partly attributed to the postponement of projects due to numerous holidays in the previous quarter, which led to their commencement in the third quarter.

Compared to last year, which had an unusually low number of initiated housing units, the figures up to October 2023 show a total of 1,930 initiated housing units, compared to 1,724 for the entire year of 2022. However, the number of initiated units in 2023 is on track to be lower than both 2021 and 2020.

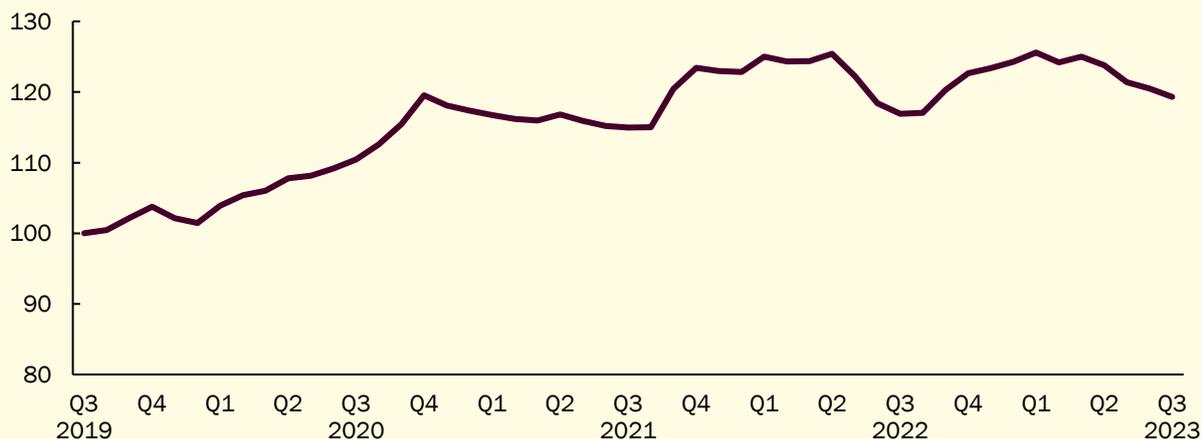
Figure 7: Number of new home construction starts in Oslo. Source: Statistics Norway



Development in house prices

From July to November, the housing market in Oslo saw a 4.6 percent decrease in housing prices. Despite this decline, prices were still 2 percent higher than at the same time the previous year. Seasonal downturns towards the end of the year are a well-known cycle, and this pattern has been observed in both 2022 and 2021. The future development of housing prices will be closely linked to the policy rate decision by Norges Bank in December; stabilization or a reduction in the key policy rate could alter buyers' expectations and potentially bolster housing prices in the capital.

Figure 6: House price development in Oslo. Indexed (Q3 2019 = 100). Source: Eiendom Norge, Eiendomsverdi AS and Finn.no. Adapted by Krogsveen.

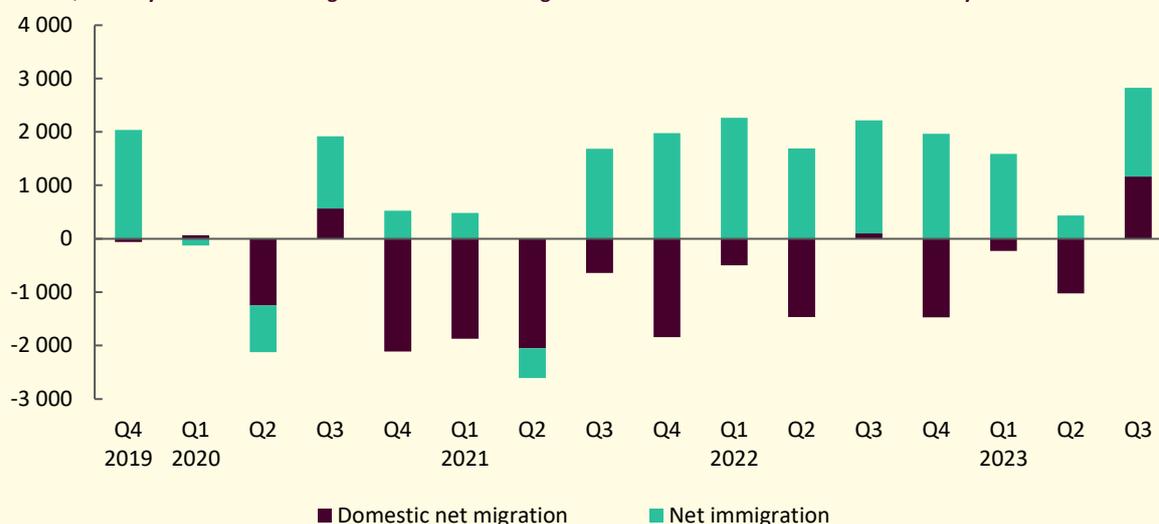


Population trends

In the third quarter of 2023, Oslo experienced a positive population growth through migration, with a net increase of 2,823 people, the highest level since 2019. Net immigration was a significant contributor to this growth, with 1,600 people, a substantial rise from 430 in the previous quarter, driven by increased immigration and decreased emigration.

Domestic net migration was also significant, reaching a level not seen in Oslo since 2019. Although the third quarter historically often shows positive net migration, this effect has been absent in 2021 and 2022. The increase in net migration suggests that the migration flows in Oslo are beginning to normalize again with an influx of students and workers from the rest of the country in August.

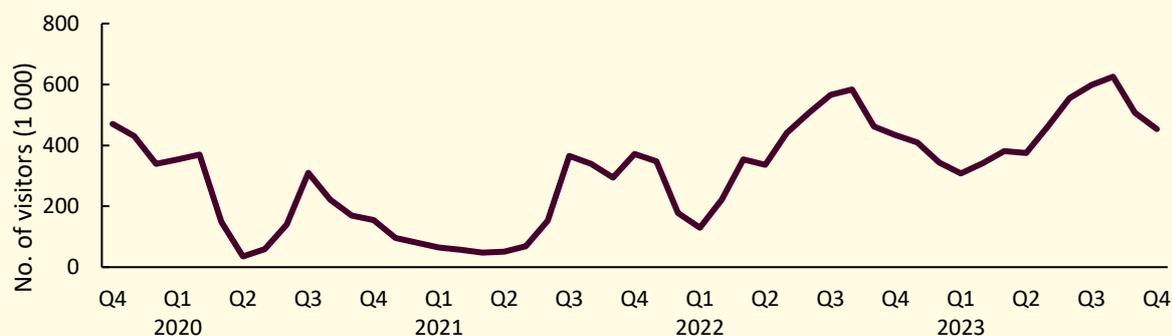
Figure 8: Quarterly domestic net migration and net immigration to Oslo.⁴ Source: Statistics Norway table 01222



Visitors

In October 2023, the number of overnight stays in Oslo was 507,000, a decrease of 24 percent from July. Typically, overnight stays decline in the fourth quarter, yet from a long-term perspective, the numbers remain high relative to the previous three years.

Figure 9: Number of overnight stays in Oslo. Source: Statistics Norway table 08403



⁴ Net immigration is here defined as immigration minus emigration during the period. Net domestic migration is migration from other parts of Norway to Oslo minus migration from Oslo to other parts of Norway.



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Oslo Business Region

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