



# Oslo Outlook

June 2023

**oslo**  
Oslo Business Region



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# Summary

**Job Market in Oslo:** Employment fell for the first time in a year. After several periods of continuous growth, employment in Oslo dropped by 1 percent in the first quarter of 2023. The decline was driven by reduced employment in the accommodation and food service industry, as well as the construction industry, due to declining activity in certain sectors.

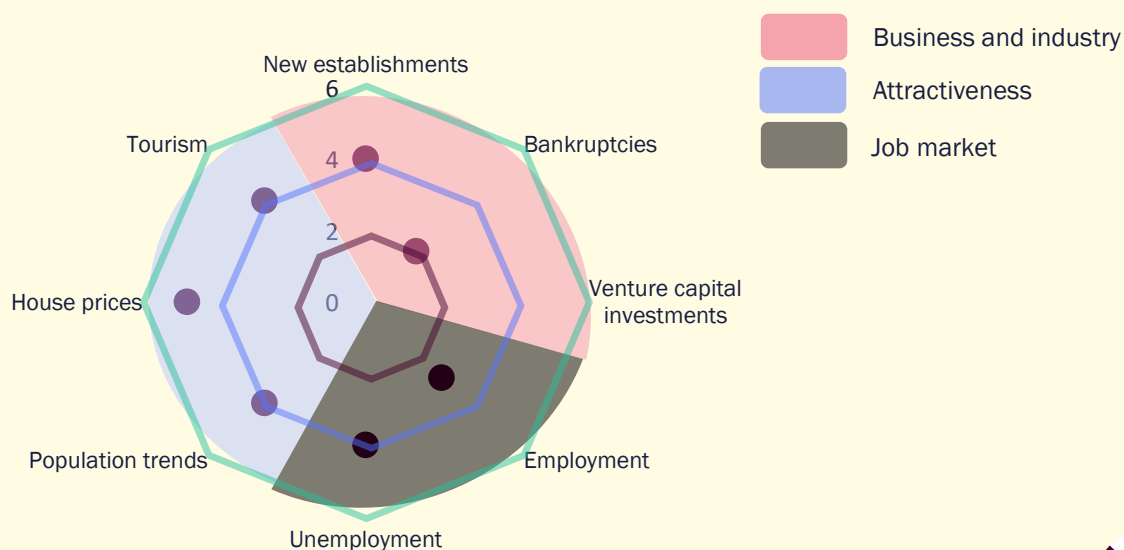
**Business in Oslo:** The number of bankruptcies has significantly increased over the last two quarters, and in the first quarter of 2023, 233 businesses filed for bankruptcy. This was 42 percent higher than the first quarter of 2022. The growth in bankruptcies is driven by an increase in the construction industry.

The number of bankruptcies is now at pre-Covid levels and is expected to continue to rise, following a prolonged period of an unusually low number of bankruptcies in the city.

Oslo is an attractive investment location. Over the past four quarters, Oslo has consistently attracted more growth company investments than both Helsinki and Copenhagen. In the first quarter, 226 million USD was invested in Oslo.

**City Attractiveness:** House prices in Oslo continued to grow in the first quarter and were 1.2 percent higher in April 2023 than in April 2022. The decline in house prices in 2022 has largely been made up for, despite high mortgage rates and high inflation. Meanwhile, new construction in Oslo picked up in the first quarter, after a year with little new construction in 2022. The supply of new homes could drive house prices in the future.

**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.**

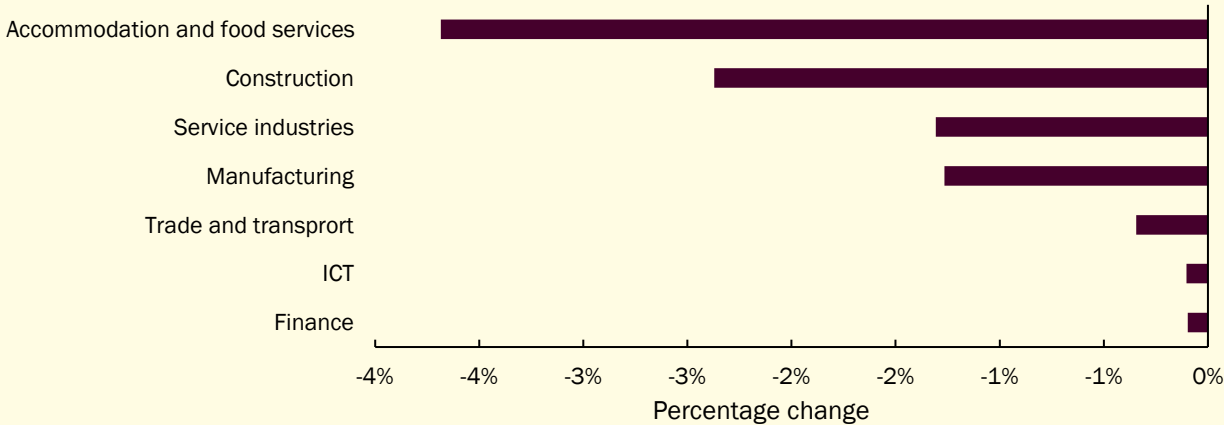


# Job market

## Employment

Employment dropped in the first quarter of 2023 in both the private and the public sector in Oslo. The largest decrease in employment occurred in the accommodation and food service industry, and in the construction industry. The decline in the construction industry is due to fewer projects and lower activity. Employment decreased in all industries, but in ICT and finance, the drop was only marginal. Unemployment in Oslo rose to 2 percent, up from 1.9 percent in the previous quarter.

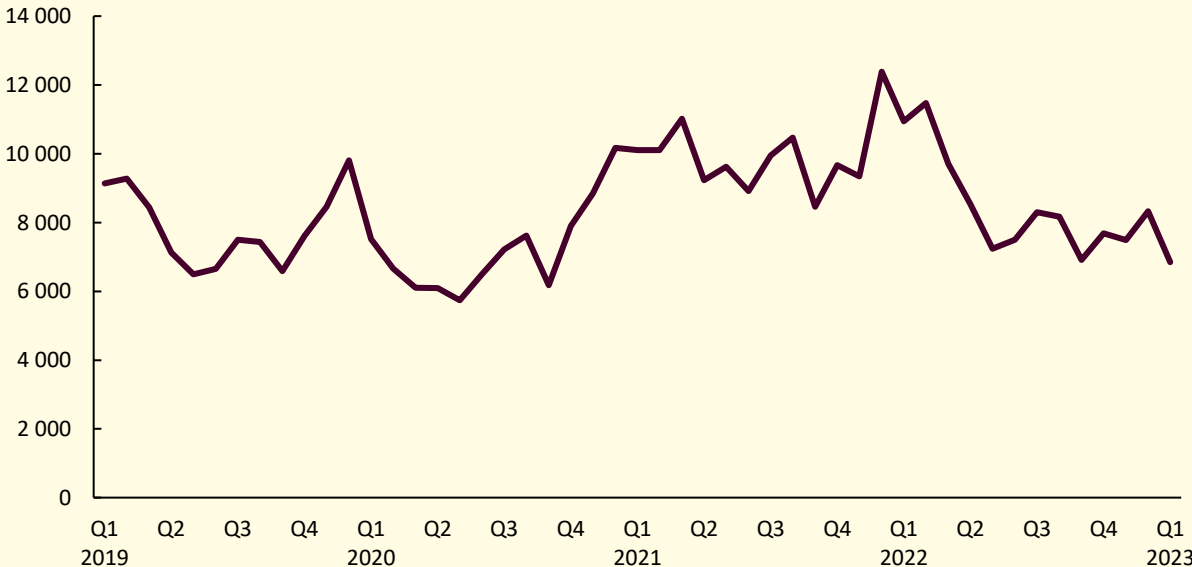
Figure 2: Quarterly employment in Oslo, Q1 2023. Source: Statistics Norway table 13164



## Vacancies

The number of job vacancies dropped in the first quarter. The high demand for labor that we saw at the beginning of 2022 seems to have subsided, and businesses have fewer unmet labor needs.

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



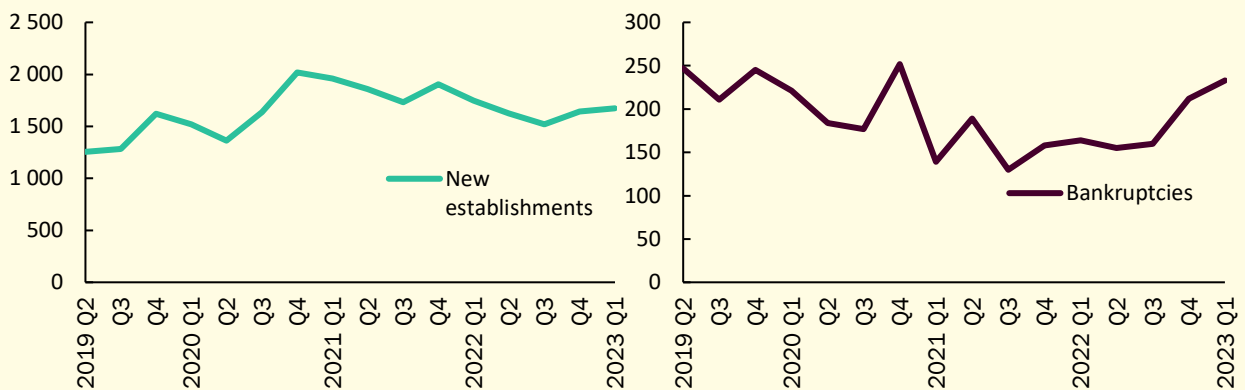
# Business and industry

## New establishments and bankruptcies

233 companies went bankrupt in Oslo in the first quarter of 2023. This represents a growth of 10 percent from the previous quarter and is significantly higher than in the first quarter of 2022. Bankruptcies in the construction industry increased by 50 percent, more than any other industry. The number of bankruptcies in Oslo over the last two quarters has been at a level resembling the norm before the coronavirus pandemic, and the growth signals a normalization of the bankruptcy rate in Oslo, as well as a slowdown in economic growth. The number of bankruptcies is expected to increase in the future, with rising interest rates and lower activity.

The number of new establishments in Oslo rose by 2 percent in the first quarter but is still at a lower level than in 2020 and 2021. The number of start-ups often increases in line with rising unemployment and decreasing activity. Therefore, the number of new establishments is expected to increase in the future.

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

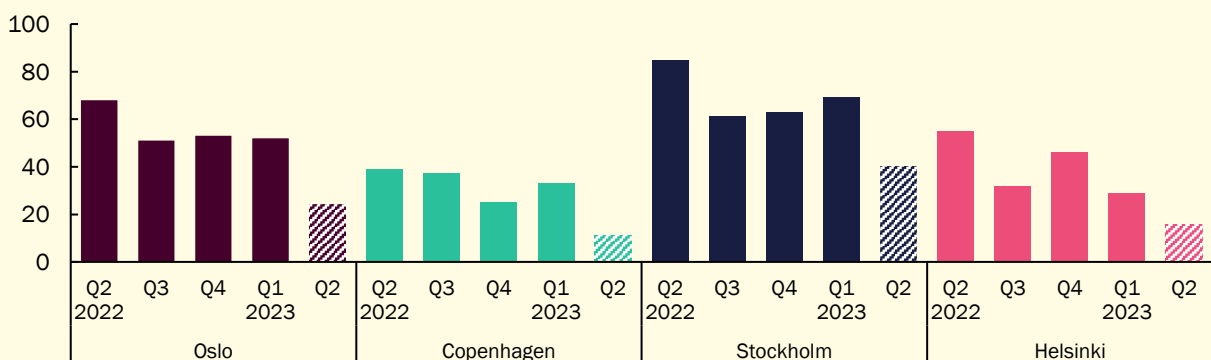


## Investments in scale-ups

In the first quarter of 2023, Dealroom recorded 53 investments in Oslo. The highest number of investments once again went to growth companies in Stockholm, with 70 recorded investments. The number of investments was lower in both Helsinki and Copenhagen compared to Oslo. The amount invested in Oslo this quarter was 226 million, just behind Stockholm and Copenhagen, which had 268 million and \$249 million invested respectively. Energy, robotics, and tourism were the industries that attracted the most capital in Oslo in the first quarter.

The number of investments in growth companies in Oslo has been stable for several quarters, but has fallen by 15 percent since the first quarter of 2022. The other Nordic capitals have experienced an even greater decline in the same period. From the first quarter of 2022 to the first quarter of 2023, the number of investments in Copenhagen and Stockholm fell by 30 percent, and in Helsinki by a full 46 percent.

Figure 5: Number of investments in scale-ups in the Nordic capital regions. Data are from 25.05.2023, Q2 2023 can thus not be directly compared with Q1. Source: Dealroom.co



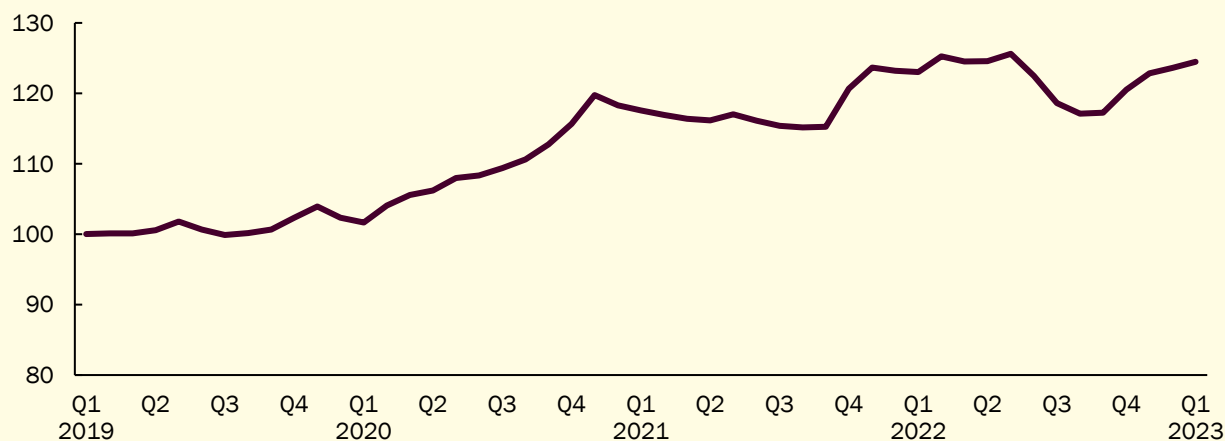
# Attractiveness

## Development in house prices

House prices in Oslo grew by 1.3 percent from February to April. The decline in house prices in 2022 has largely been made up for, and house prices in April were 0.9 percent lower than at the peak in 2022. This is despite continuously increasing mortgage rates, and persistently high inflation.

Future house price growth is uncertain. The Central Bank of Norway has signaled that the key policy rate will probably increase further in June and suggests that the weak Norwegian krone may necessitate further rate hikes. Expectations of increased interest rates could reduce the willingness of households to pay, while living costs for households are increasing. These factors could dampen housing price growth. At the same time, a low supply of new housing could push house prices in Oslo up further.

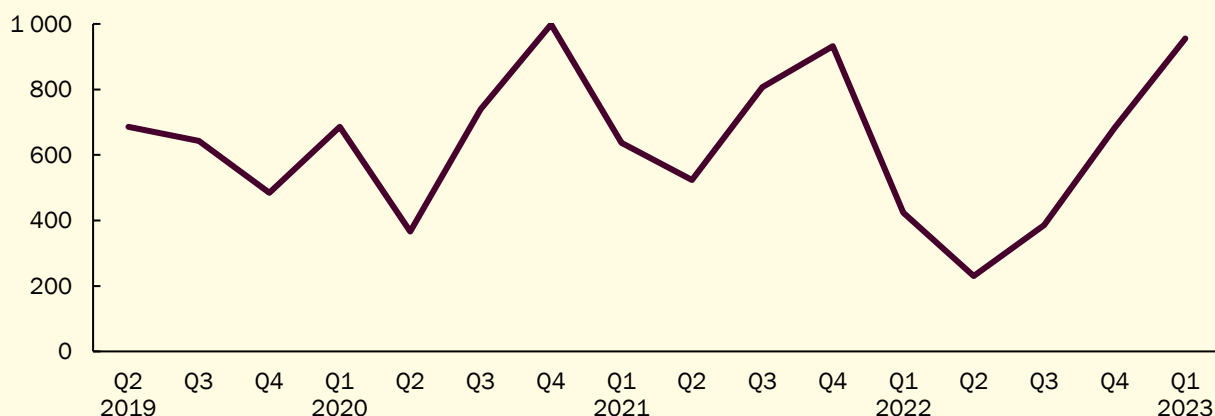
**Figure 6: House price development in Oslo. Indexed (April 2019 = 100). Source: Eiendom Norge, Eiendomsverdi AS and Finn.no. Adapted by Krogsveen.**



## Houses under construction

In the first quarter of 2023, construction of 956 housing units was initiated in Oslo. This is a significant increase after a year of few initiations in 2022. Compared to the initiations in the first quarter of 2022, this is more than a doubling. Oslo is also doing better than the rest of the country. From the first quarter of 2022 to the first quarter of 2023, the initiation of housing units nationally fell by over 30 percent.

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





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Contact person: Tonje Ørnholt, [tonje@obr.no](mailto:tonje@obr.no)