Oslo Outlook

June 2025

osloeconomics

Contents

Summary

Job market

The job market is performing well. In the first two quarters of 2025, the market has tightened further, driven by an increase in vacant positions. This indicates that competition for labour has intensified relative to the long-run trend and may hint at future wage increases and lower unemployment. At the same time, estimates show a decrease in labor force capacity. Median wage levels have continued to rise steadily, following their long-run trend. Altogether, these factors have contributed to an improvement in the normalized labor market indicator, both compared to previous quarters and to Q4 2024.

Business

Our quarterly business sector indicator continued to decline in the first quarter, primarily due to a sustained drop in venture capital market activity. The number of venture capital rounds has fallen to its lowest level since 2020. Preliminary data for the second quarter of 2025, however, suggest that this trend may be reversing. Norges Bank's business confidence survey indicate that private sector expectations for economic activity in Oslo remains stable and slightly optimistic. There has been a steady and positive increase in the share of newly established businesses relative to existing firms.

Attractiveness

Oslo is becoming an increasingly attractive region for its residents, as reflected both in the level data (Figure 1) and compared to the previously reported development (Figure 2). This development is mainly driven by an increase in disposable income after consumption for households in the Oslo region, and an improvement in the house price-to-income ratio. Furthermore, the number of overnight stays has increased by 8 percent relative to the first quarter of 2024. This positive trend is somewhat offset by a decline in migration to the region, particularly from abroad, relative to the previous quarter.

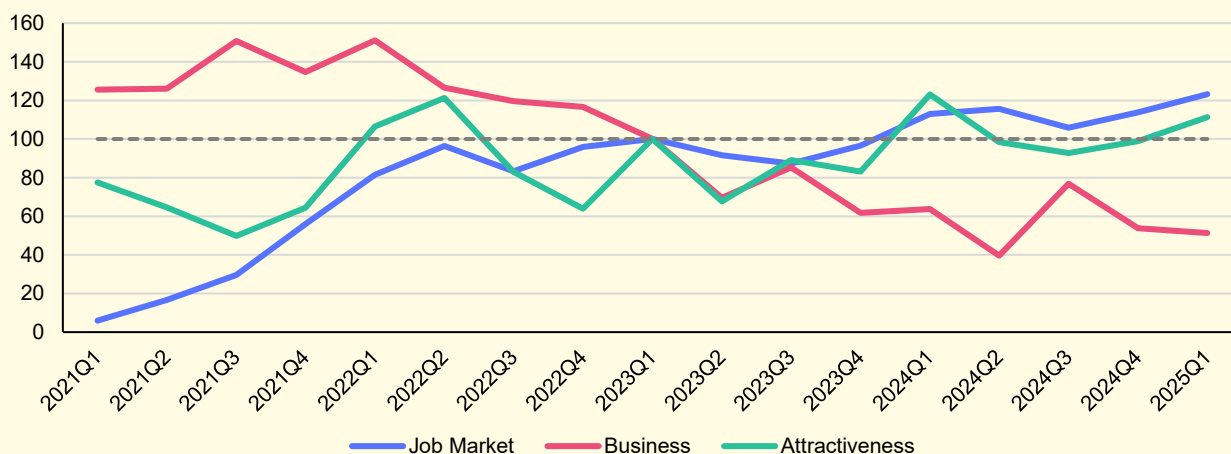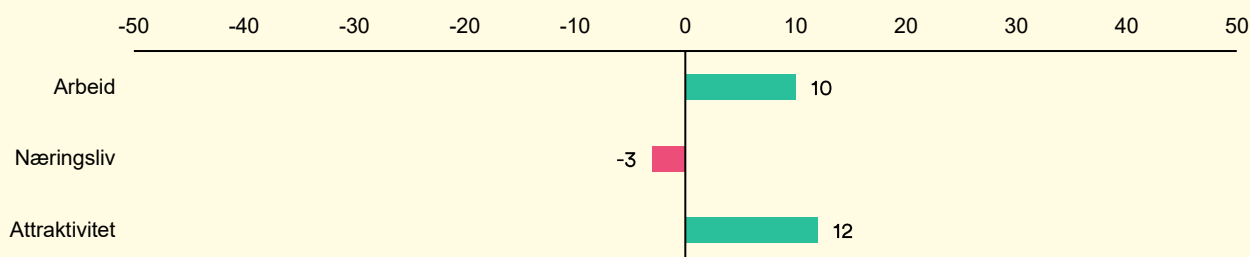### Figure 1: Historical development within key categories, indexed for 2023Q1 = 100

Figure 2: Development in index values, 2025Q1 vs. 2024Q4

For a methodological description, see Oslo Outlook 2024Q4, Appendix A. A line above the dashed line in figure 1 indicates that the indicators in this category have shown a more positive development relative to historical levels, with 2023 as the reference point.

Oslo Outlook

ON THE REPORT

"The purpose of this analysis is to provide a comprehensive overview of Oslo's economic development for decisionmakers, investors, and other stakeholders"
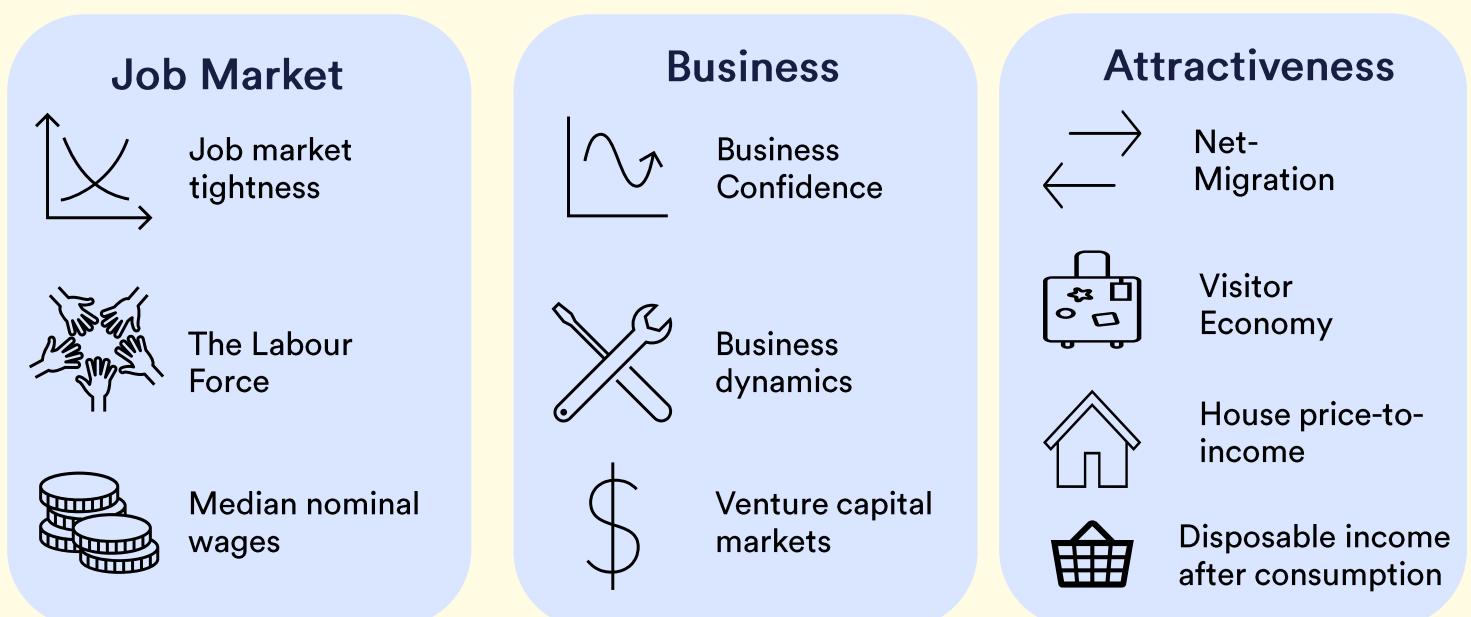
Oslo Outlook

The purpose of this analysis is to provide a comprehensive overview of Oslo's economic development for decision-makers, investors, and other stakeholders. The analysis is based on themes and indicators that offer insights into the economic development of the Oslo region and are intended to highlight the region's attractiveness and competitiveness, both nationally and internationally.

The analysis is centred around the themes of: "Labor Market," "Business," and "Attractiveness," and analysed through a number of indicators which influence each of these categories (Figure 3). The selected indicators have been chosen based on their ability to best illustrate the development trends within the three categories. However, it is important to note that the inclusion of specific indicators may impact the results for the Oslo region in each of these categories.

In addition to reporting the quarterly developments in these indicators, we analyse the key developments and set them in relation to the general trends of the Norwegian and Oslo Business cycle. In computing the categorical scores, we incorporated the following indicators.

Figure 3: Themes and underlying key factors in Oslo Outlook 2025

Job Market	Business	Attractiveness
Job market tightness	Business Confidence	Net-Migration
The Labour Force	Business dynamics	Visitor Economy
Median nominal wages	Venture capital markets	House price-to-income
		Disposable income after consumption

JOB MARKET

ON JOB MARET TIGHTNESS:
"In the first quarter of 2025 the job market has tightened relative to the last quarter of 2024. The development can primarily be attributed to a growing number of unfilled vacancies in the economy."

Job Market

Job market tightness

The job market tightness is defined as the ratio of vacant jobs to unemployed individuals, The variable is used to show the relationship between the supply and demand for workers in the region.

In the first quarter of 2025, the job market improved, with an increase in the number of vacant position of 33%, which exceeds the increase in the number of unemployed individuals (Figure 5). As a result, the ratio increased compared to the last quarter of 2024 (Figure 4), hinting at a growing competition among firms for workers.

Preliminary data suggest that this trend will continue into the second quarter, with a further increase in job vacancies and a decline in the number of registered unemployed.

Figure 4: Job market tightness
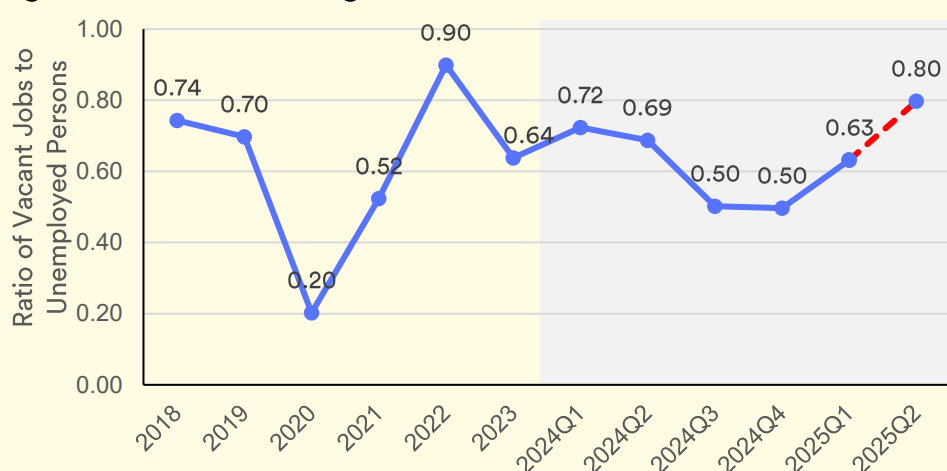
Source: The indicator, developed by Oslo Economics, measures the ratio between the number of job vacancies and the number of unemployed individuals. Data on job vacancies and unemployment at the municipal level are sourced from NAV. The number of unemployed is defined as individuals who are completely without work.

Note that the figures for 2018–2023 are annual values based on the average of quarterly data. 2025Q2 data is preliminary.

Figure 5: Number of unemployed persons and vacant jobs

Vacancies   Unemployed persons
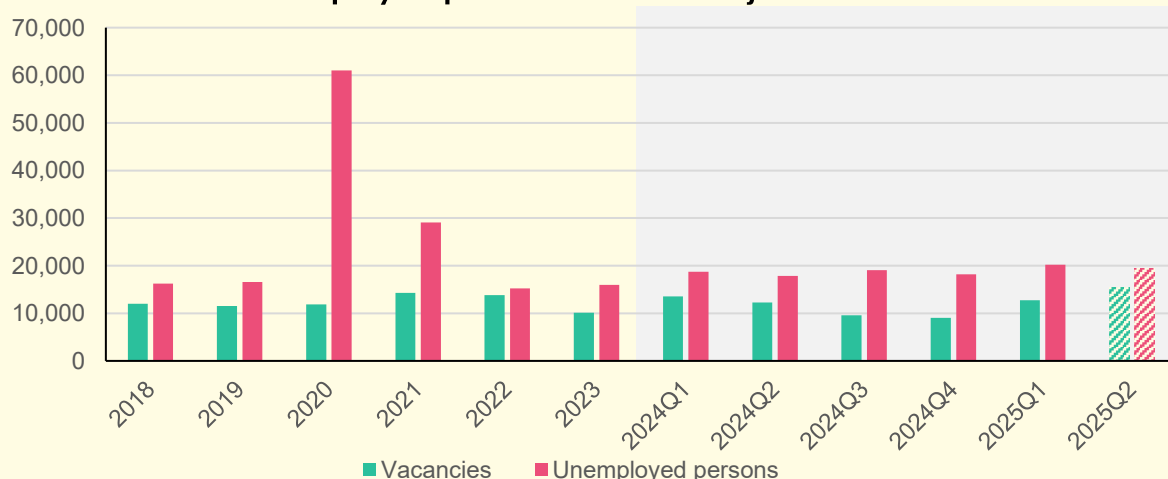
Source: NAV. Note that the figures for 2018–2023 are annual values based on the average of quarterly data.

Labour market participation

The labour force is a measure of the number of people participating in the labour market and is defined as the total number of employed and unemployed individuals. Over the past quarter, we have observed a decline in the number of people participating in the labour market in the Oslo region. This is mainly due to a 4 percent decrease in the number of employed individuals.

The unemployment rate is the share of the labour force that is unemployed. In the first quarter of 2025, the unemployment rate increased from 2.17% to 2.43%, which still falls within the normal long-term range of 2–2.5%.

Median nominal wages[1]

Similarly to the last quarter of 2024, median wages in Oslo continued to show strong growth in the first quarter of 2025 (Figure 6). Quarterly increases remain above the long-term average of about 1 percent, although there are indications that the pace of growth has eased somewhat in 2025.

As a result of the 2025 wage settlement, both nominal and real wages are expected to increase in the second quarter of 2025.

Figure 6: Median nominal wages
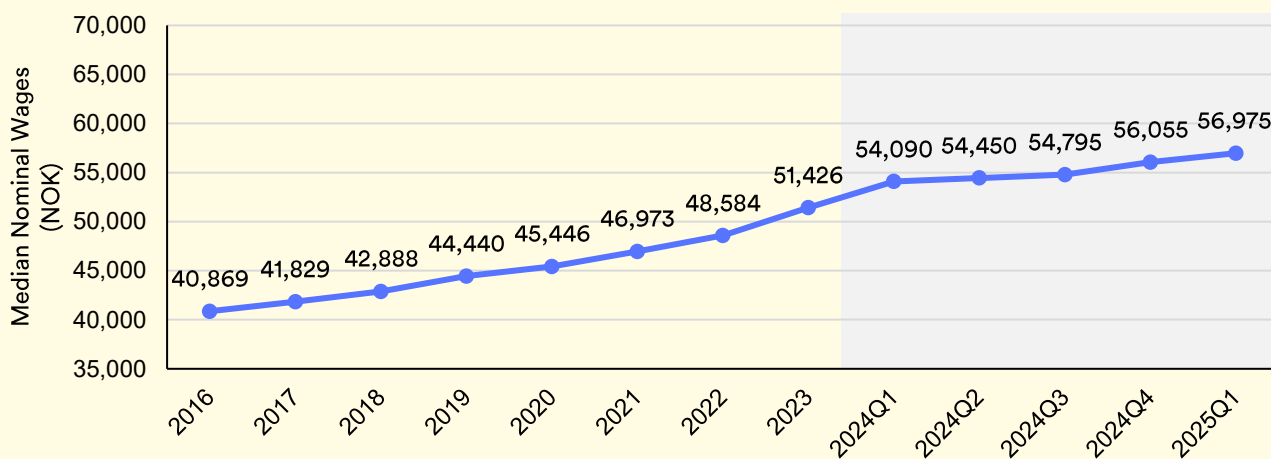
Source: Statistics Norway, table 11652. Note that the figures for 2016–2023 are annual values based on the average of quarterly data.

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[1] Nominal median income is a measure of what a "typical" person earns before adjusting for price increases (inflation). "Median" means that half of the population earns less than this amount, and half earns more.

Business

ON VENTURE CAPITAL MARKETS:

"In the first quarter of 2025, both the number of venture capital rounds and the size of investments continued to decline, with Oslo reaching its lowest level in five years"
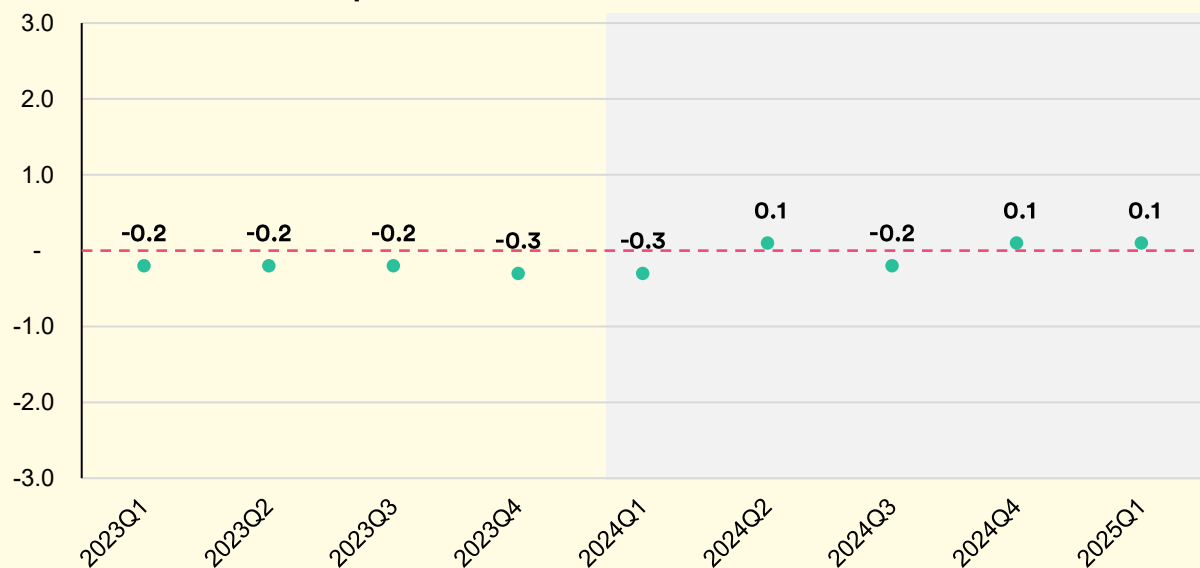
Business

Business confidence

Norges Bank's confidence indicator indicates that business expectations for future growth in Oslo have remained stable since the first quarter of 2023, with only minor fluctuations around the trend level (Figure 7).

In the first quarter of 2025, expectations are unchanged from the previous quarter, suggesting that firms remain mildly optimistic.

Figure 7: Private sector expectations

Source: Norges Bank's Regional Network Report. Note that values on the Y-axis are normalised such that a reading of 0 indicates that expectations are in line with long run trends.

Firm dynamics

The number of newly established businesses has continued to grow since the first quarter of 2024 but remains below its 2021 peak (Figure 8).

In the first quarter of 2025, there was a modest increase in business formation of 1.16%, although the level expressed as a share of total businesses remains below that observed during the 2020–2023 period (Figure 9). At the same time, the number of bankruptcies declined by 2.28% over the fourth quarter of 2024.

Figure 8: Newly established businesses as a percentage of total firms.
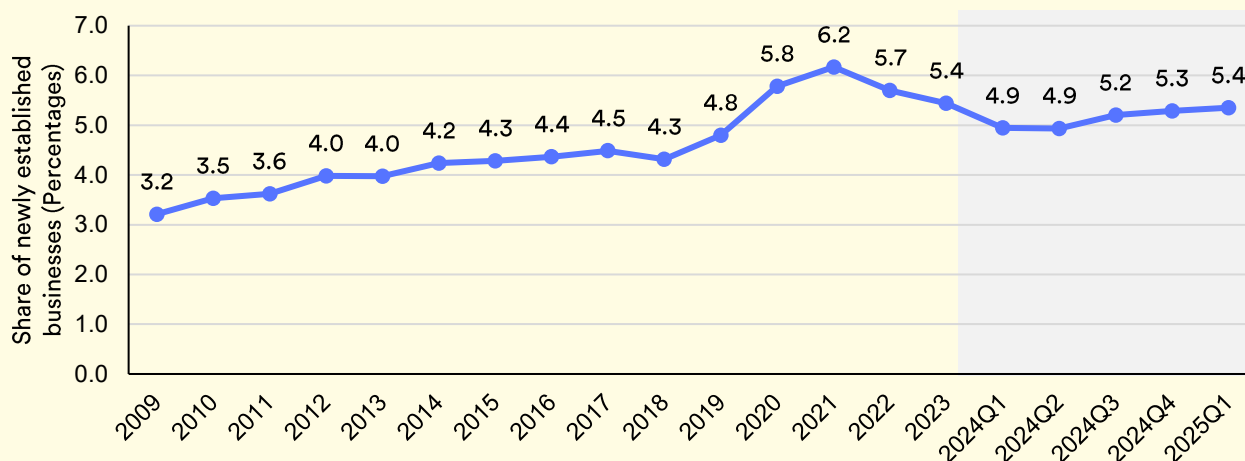
Source: Indicator developed by Oslo Economics, based on the number of newly established businesses relative to the total number of registered businesses. Data on new business establishments is sourced from Statistics Norway, table 08076. Data on the total number of businesses in the region is sourced from Statistics Norway, table 14151. Note that the figures for 2009–2023 are annual values based on the average of quarterly data. For 2024 and Q1 2025, 2023 data for the total number of registered businesses is used, pending updated figures from Statistics Norway.

Figure 9: Number of newly established businesses and bankruptcies
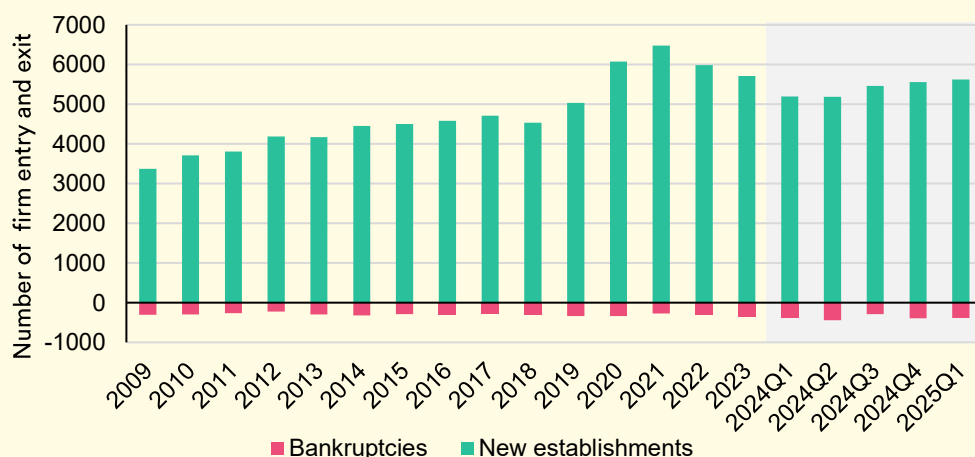
Source: The number of newly established businesses is sourced from Statistics Norway, table 08076, while the number of bankruptcies is sourced from Statistics Norway, table 10790. Note that the figures for 2009–2023 are annual values based on the average of quarterly data.

Venture capital markets

In the first quarter of 2025, both the number of venture capital rounds and the total investment volume continued to decline, following peaks in 2022 and 2021, respectively. Capital markets recorded their lowest level of activity in half a decade, in terms of both deal counted and total capital raised.

However, preliminary data from the second quarter of 2025 indicates an increase in venture capital raised. This may suggest that the downward trend in the venture capital market is beginning to reverse.

Figure 10: Runds and magnitude of venture capital fundraising
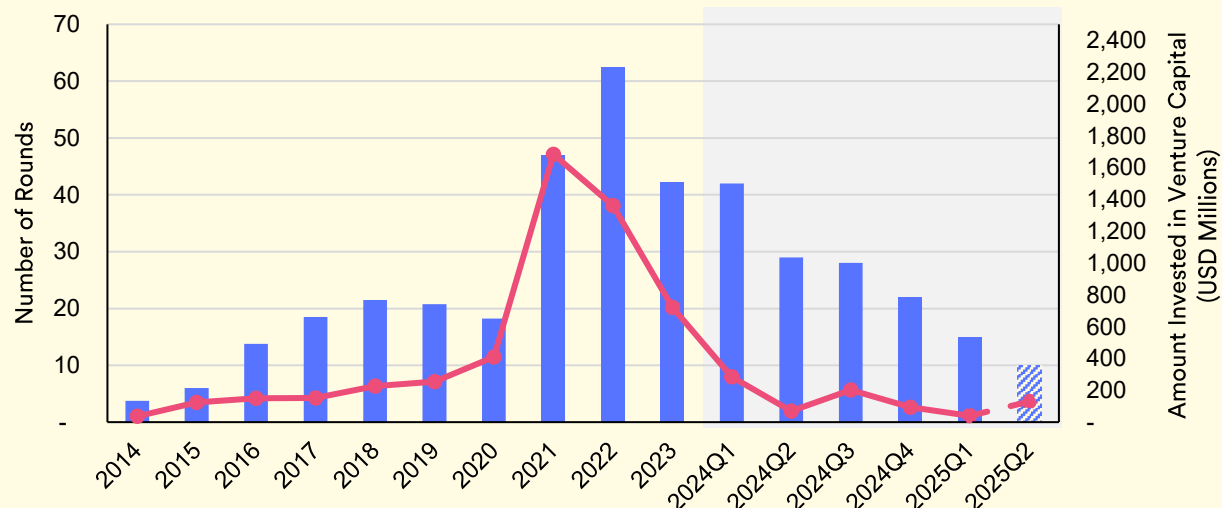
Source: Dealroom.co. Note that the figures for 2014–2023 are annual values based on the average of quarterly data. Data for 2025Q2 is preliminary.

Compared to the other Nordic capital regions, Stockholm continues to be the strongest performer, attracting larger capital investments and hosting more capital fundraising rounds.

In 2023, Oslo was the second strongest performer among the regions. However, the region has lost ground both in absolute terms (Figure 10) and relative terms, falling behind Helsinki in 2024 and Copenhagen in 2025 (Figure 11).

However, preliminary data from the second quarter of 2025 suggests that this trend may be starting to reverse, with Oslo raising more funds than both Copenhagen and Helsinki (Figure 11).

Figure 11: Number of VC rounds in startups and scaleups in the nordic capital regions
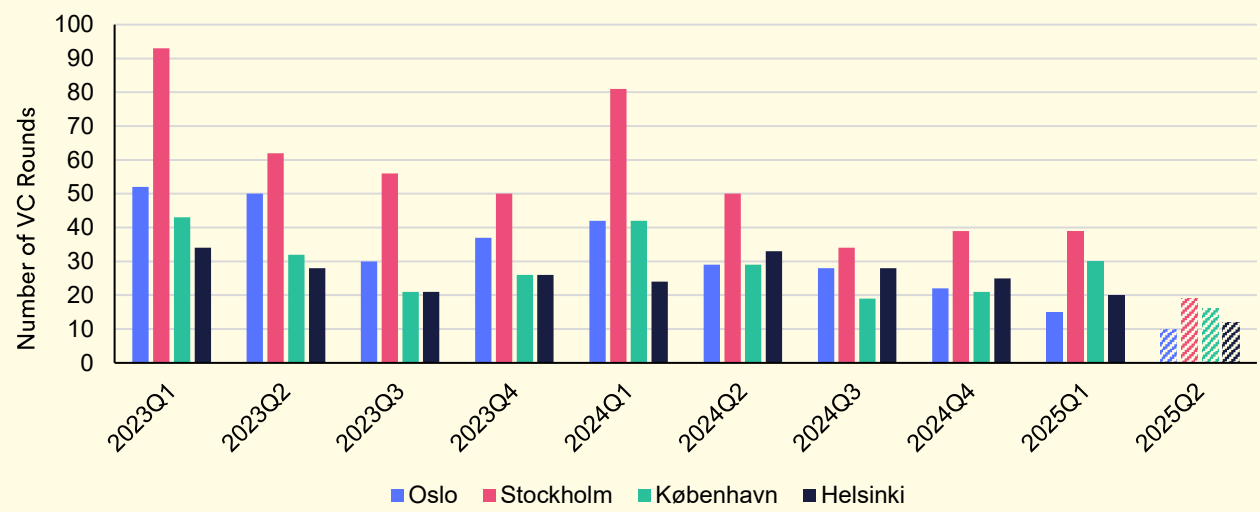
Source: Dealroom.co.

Attractiveness

ON ATTRACTIVENESS:

"In the first quarter of 2025, disposable income after consumption increased by 17 percent, reaching a new peak"

Attractiveness

Net migration

Oslo has experienced positive net migration throughout the available data period. However, the first quarter of 2025 marks the lowest recorded level of net immigration to the region when excluding the pandemic years of 2020 and 2021.

The drop in arrivals is primarily driven by changes in international migration relative to its long-run average, with both emigration increasing and immigration declining, resulting in a 51% drop in net international arrivals compared to the previous quarter.

Possible reasons for the weak inflow include stricter regulations for Ukrainian refugees, reduced funding for international students, and a weak Norwegian currency, which makes moving to Norway less attractive when income is measured in migrants' local currencies.

Figure 12: Net migration broken down by domestic and international migration
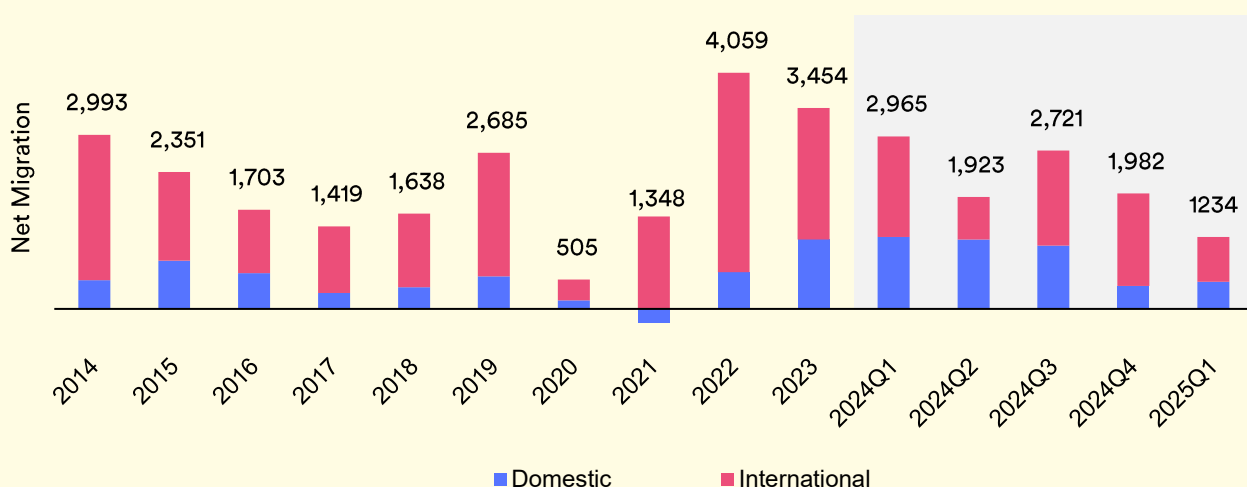
Source: Indicator developed by Oslo Economics. Net migration is defined as the sum of domestic in- and out-migration, as well as immigration and emigration. Data from Statistics Norway, table 01222. Note that the figures for 2014–2023 are annual values based on the average of quarterly data.

Visitor economy

The number of overnight stays in the region has increased steadily since 2020, reaching a peak in the third quarter of 2024 (Figure 13). The statistics only cover the period after 2020, making it difficult to assess developments prior to the post-pandemic reopening.

In the first quarter of 2025, there were fewer registered overnight stays than in the previous quarter, but this is mainly due to seasonal variation. Compared to the same quarter the year before, the number of overnight stays has increased by 8 percent.

Figure 13: Visitor economy
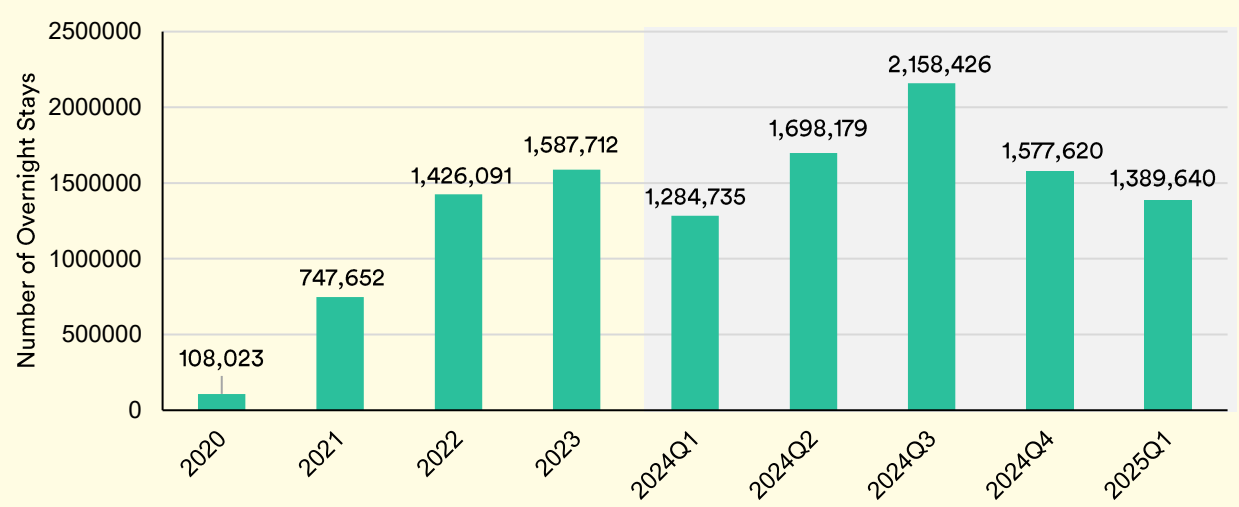
Source: Statistics Norway, table 14162. Note that the figures for 2020–2023 are annual values based on the average of quarterly data on overnight stays.

House price-to-income ratio

The house price-to-income ratio shows the relationship between the median house price[2] and the average annual gross income[3], indicating how many years of income are needed to purchase a typical home.

In the first quarter of 2025, the median house price in the Oslo region was 6.9 times higher than the average annual gross income—a decrease from 7.0 in the first quarter of 2024. Both house prices and incomes have increased, but wages rose by about 1 percentage point more than house prices.

The ratio peaked in 2021–2022 after several years (2016–2022) during which house prices grew faster than wages. Since then, stabilised prices and rising incomes have led to a gradual decline (Figure 14).

Figure 14: Development in house prices, annual incomes, and the ratio
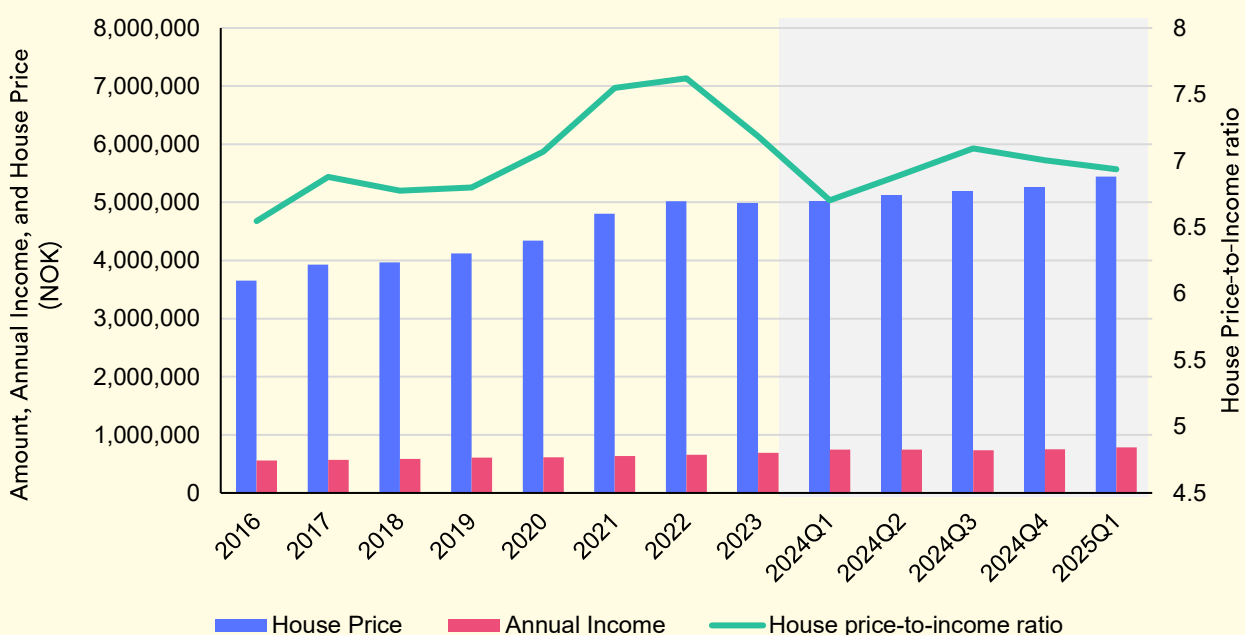
Source: Indicator developed by Oslo Economics and defined as the median house price divided by the average annual income. The median house price is based on a point estimate from Oslo Municipality, with quarterly developments from Statistics Norway, table 07221. The average annual income is calculated as 12 times the monthly income from Statistics Norway, table 11652. Note that the figures for 2016–2023 are annual values based on the average of quarterly data.

[2] Median house price refers to the price of the home that lies in the middle of the distribution – half of the homes are more expensive, and half are cheaper.
[3] Average annual gross income is the average of all individuals' income before taxes and deductions.

Disposable income after consumption

For disposable income after the purchase of a standard household consumption basket, we observe a gradual increase in purchasing power over the period 2016–2024.

Since the third quarter of 2024, nominal incomes[4] have grown faster than the price level, leading to an increase in both nominal disposable income and purchasing power. In the first quarter of 2025, disposable income after consumption increased by 17 percent, reaching a new peak.

Figure 15: Disposable income after consumption
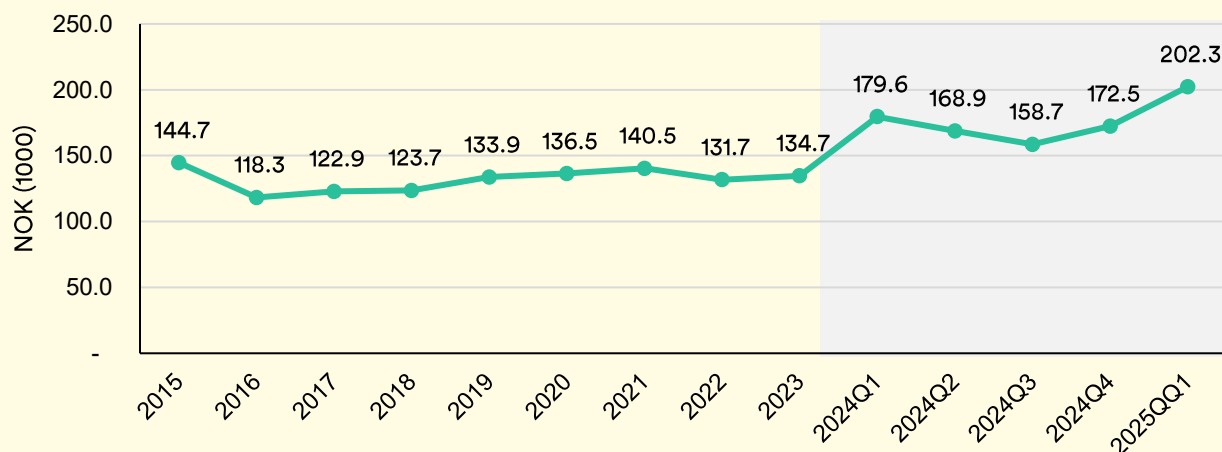
Source: Indicator developed by Oslo Economics. The price level of the consumption basket is calculated based on weights and prices reported by Eurostat. The development in the price level is then estimated using Eurostat's HICP index. Code for HICP weights from Eurostat: prc_hicp_inw. Code for HICP price observations: prc_dap15. Code for HICP index: prc_hicp_midx. Income data is sourced from Statistics Norway, table 11652. Note that the figures for 2015–2023 are annual values based on the average of quarterly data.

[4] "Nominal" means that the figures are not adjusted for price growth (inflation).

Data

Job Market

The Labour market category includes the following indicators: labour market tightness, labour force, and median nominal earnings

Job market tightness measures the balance between the supply (unemployed individuals) and demand (vacant positions) for labour and expresses the tightness in the market as a ratio. It reflects the dynamic development in the labour market, provides insight into future employment and wage levels, and is highly correlated with business cycles. The indicator is commonly used by both national and international analysts to track employment trends.

The labour force represents the total available workforce in the region as a stock measure, indicating the capacity of the labour market. Changes in the size of the labour force can offer insights into demographic trends and labour market participation, highlighting developments that influence the labour market.

The unemployment rate is a core labour market indicator that reflects the share of the labour force that is actively seeking work. It is calculated as the number of unemployed persons divided by the total labour force (unemployed + employed). This measure is used to track labour market slack and job market dynamics in the region, and it provides insight into cyclical developments, potential skill mismatches, and the overall health of the economy. Changes in the unemployment rate help inform assessments of regional competitiveness and social inclusion.

Median nominal wage is an indicator that reflects a key cost for businesses, as it shows wage expenses per employee. It is used to analyse trends in wage pressure and costs for employers in the region, offer insight into how wage levels influence both labour market competitiveness and business expenses.

Appendix

Business

The business category aims to provide an overview of the development in within the regions private sector, focusing on four indicators: business confidence, firm entry and exit, and rounds of venture capital (VC) financing.

Business confidence is derived from Norges Bank's quarterly regional network survey, which captures businesses' assessments of the current economic situation. It reflects sentiment in the business sector and provides early signals about firms' expectations regarding growth or downturn. This measure complements traditional macroeconomic indicators by offering timely insights into real-time developments.

Business dynamics are analysed through examining the level of business formation and bankruptcies. A high rate of entry indicates a high level of entrepreneurship while an increase in bankruptcies could signal economic challenges. This information is important for assessing the region's attractiveness to business owners and investors. When computing the categorical score for the development in macroeconomic developments, we focus on the number of bankruptcies, where a higher number of observations reduce the categorical score, when considering the level of business formation, we use a percentage measure.

Rounds of VC financing reflects the level of venture capital investment in the region's new businesses and growth companies. It provides insights into the availability of risk capital and indicates how attractive Oslo is for innovative-driven businesses. An increase in venture capital is thought to reflect a favourable investment climate, and to indicate a high rate of innovation in the region.

Attractiveness

The attractiveness category seeks to highlight the regions' ability to attract talent and includes the following indicators: net migration, contributions from the visitor economy, the house price-to-income ratio, and disposable income after consumption.

Net-migration offers insight into the regions ability to attract new residents and examines the difference between both national and international immigration and emigration. Positive net migration often signals favourable labour market conditions, high quality of life, abundant economic opportunities, a high level of amenities, and a positive reputation, which may contribute to population growth and the availability of a skilled workforce.

Visitor economy measures the number of visitors to the region, highlighting its appeal to both business and leisure travellers. It serves as a key indicator of the region's international visibility and reputation and can drive economic growth by boosting demand for local goods and services.

The house price-to-income-ratio compares the cost of housing to income levels, providing a clear picture of housing affordability in the region. This indicator is essential for assessing how financially accessible it is to live in the area.

Disposable income after consumption measures how much an average income can purchase based on a standard consumption basket. It uses HICP data from Eurostat combined with average income data from Statistics Norway (SSB). The calculation considers the actual costs of goods and services in the region.

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Oslo Business Region