

Autumn Market 2025 update

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Agenda

- 01 Introduction
- 02 Economic environment
- 03 The contracting markets
- 04 Construction costs
- 05 Summary
- 06 Annex: Data centres in Norway

01

Introduction

About Veidekke's market report

- Veidekke prepares figures for the Scandinavian markets based on statistics published by Statistics Norway, Statistics Sweden and Statistics Denmark. Other information sources include major construction clients like the Swedish Transport Administration and the Norwegian Public Roads Administration, as well as central and local government budgets.
- Macroeconomic forecasts stem from reputable forecasting institutions like the National Institute of Economic Research (Sweden), Statistics Norway, the Danish Economic Councils and central banks.
- Veidekke calculates best-estimate forecasts of production levels using a forecasting model that incorporates national interest rate levels and municipal-level data on registered building starts, population growth and unemployment. Sources used for infrastructure forecasting include national accounts and publicly available information on upcoming major public transport, water supply and sewerage projects.
- Veidekke's contractor activity assessments and construction cost indices are forecasts based on current knowledge. Forecasts may be revised in the event of unforeseen changes in geopolitical circumstances, financial markets or commodity prices.
- **Changes in Danish market data.** In this report, we have adjusted the methodology related to construction data and revised civil engineering data based on supporting data from Statistics Denmark. For the **construction market***, the change means that we now use Statistics Denmark's own estimates of under-reporting in the most recent quarters. This provides more reliable market estimates for the latest reported periods and helps reduce the problem of systematic under-reporting. For the **civil engineering market**, we have received updated historical data from Statistics Denmark. This has secured a general improvement in both historical figures and future forecasts.

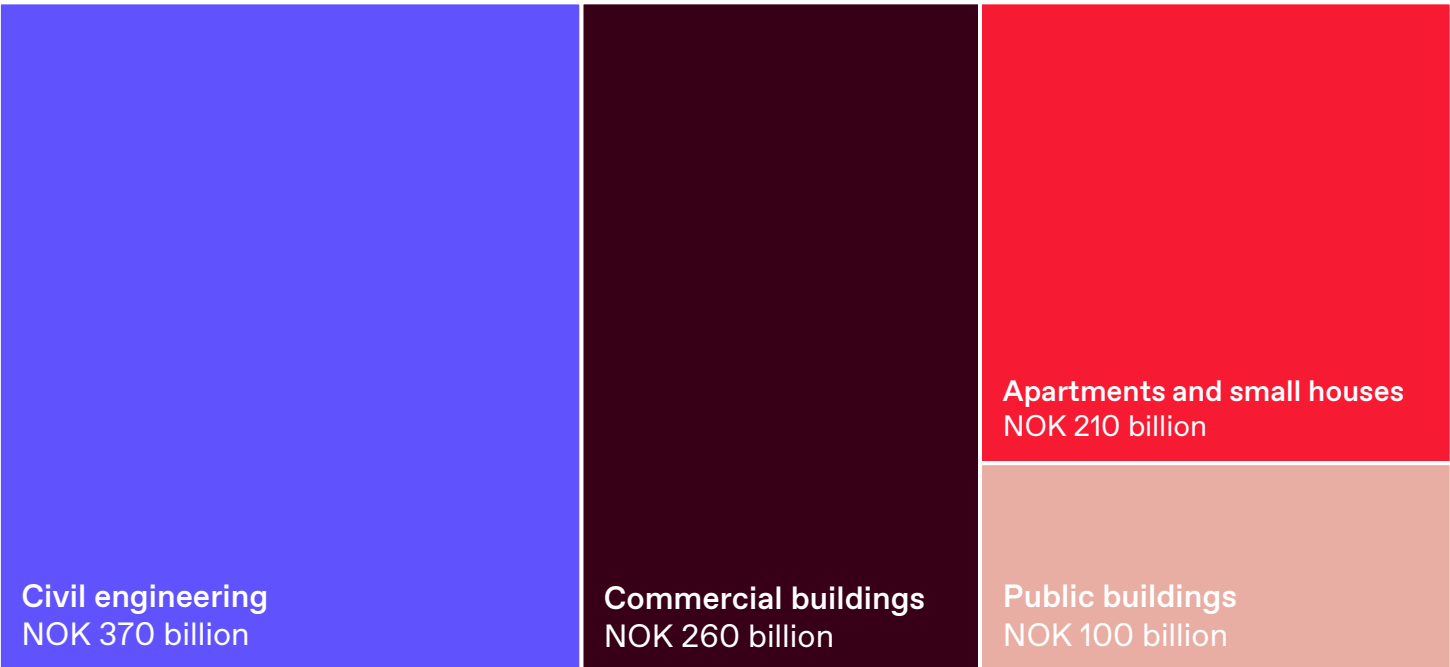
* Data on building starts in Denmark have been systematically under-reported to Statistics Denmark in recent quarters. Historical/quarterly figures will be increased as reporting becomes more complete. Statistics Denmark also supplies data on estimated under-reporting per quarter, which we are now using.



Our focus: The Scandinavian contracting markets

The contracting markets in 2024

Production of buildings* and infrastructure in NOK billion



Not included:

- Detached houses and holiday homes
- “Off-the-books work” and household DIY

*Total Scandinavian market 2024:
~ NOK 940 billion*



* Residential units: All new-builds, rebuilds and additions, excluding detached houses and holiday homes.
Residential units and commercial buildings: Including an estimate of the transparent ROT market for project sizes >NOK 20 million.
The civil engineering market: Only includes activities classified as investments by national statistics agencies.

Contracting markets in the period 2025–2027

Signs of stabilisation, growth from 2026

Comment

- The market is shifting from downturn to upturn. Building-start statistics now show a clear, positive trend.
- Production will fall by 4% this year, following an 11% drop in 2024. This is in line with estimates in our spring report.
- We expect moderate growth from 2026 onwards: +5% in 2026 and +4% in 2027. An upturn is expected in all three countries, particularly in the apartments and small houses segment. The infrastructure market is at a stable, strong level.
- Low construction activity in 2024–2025 is the result of interest-rate increases and high inflation in 2022 and 2023. It usually takes one to two years for such macroeconomic factors to impact activity levels.
- Interest rate cuts in Sweden and increased purchasing power in Norway are expected to boost activity levels from 2026 onwards. Approximately half the market decline is expected to be recovered by the end of 2026.

Production in the Scandinavian contracting markets

Percentage change since previous year, current prices

	2024	2025	2026	2027
Norway	-7% (-8%)	-8% (-7%)	7% (8%)	5%
Sweden	-14% (-15%)	-3% (2%)	7% (10%)	4%
Denmark	-11% (-9%)	-1% (-7%)	1% (9%)	3%
Scandinavia	-11% (-11%)	-4% (-4%)	5% (9%)	4%
Scandinavia, NOK billion	940	900	950	990

Spring 2025 forecasts in brackets.

The Scandinavian contracting markets over time

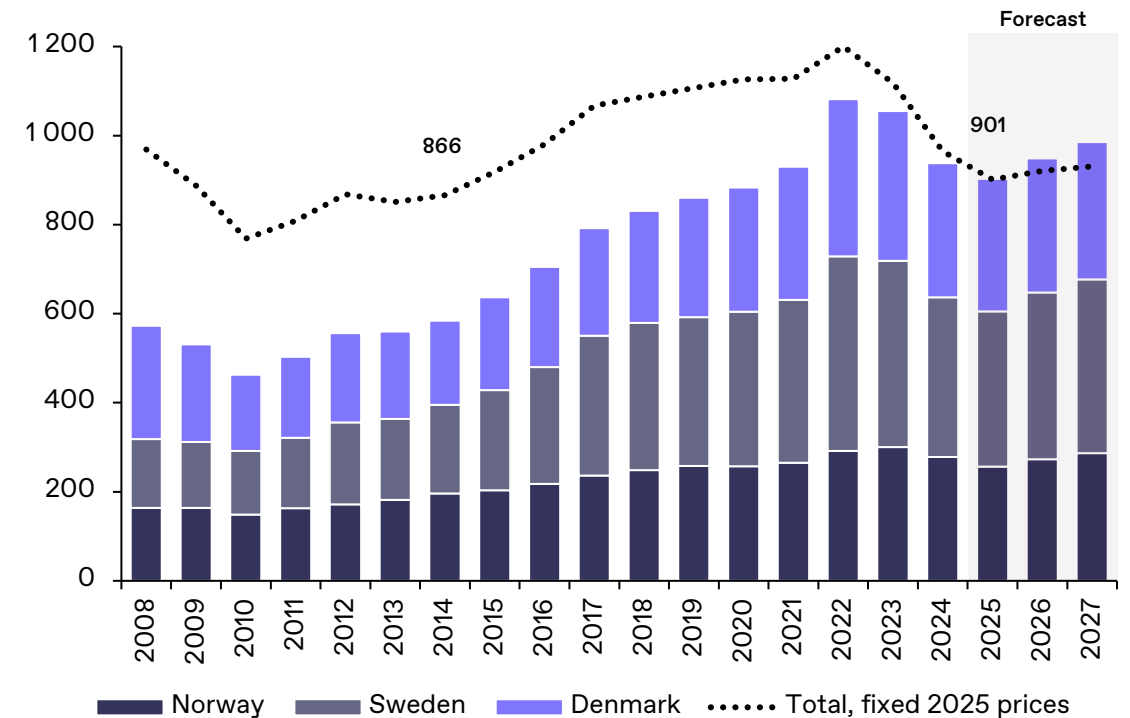
The market is back to where it was ten years ago

Comment

- The figure shows developments in both current value and inflation-adjusted prices. The dotted line (inflation-adjusted) illustrates that volumes are back at 2014–2015 levels.
- Forecasts indicate that the market will remain well below the peak levels of 2022 and 2023 in the years ahead, in terms of both value and volume.

Production in the Scandinavian contracting markets

NOK billion, current prices



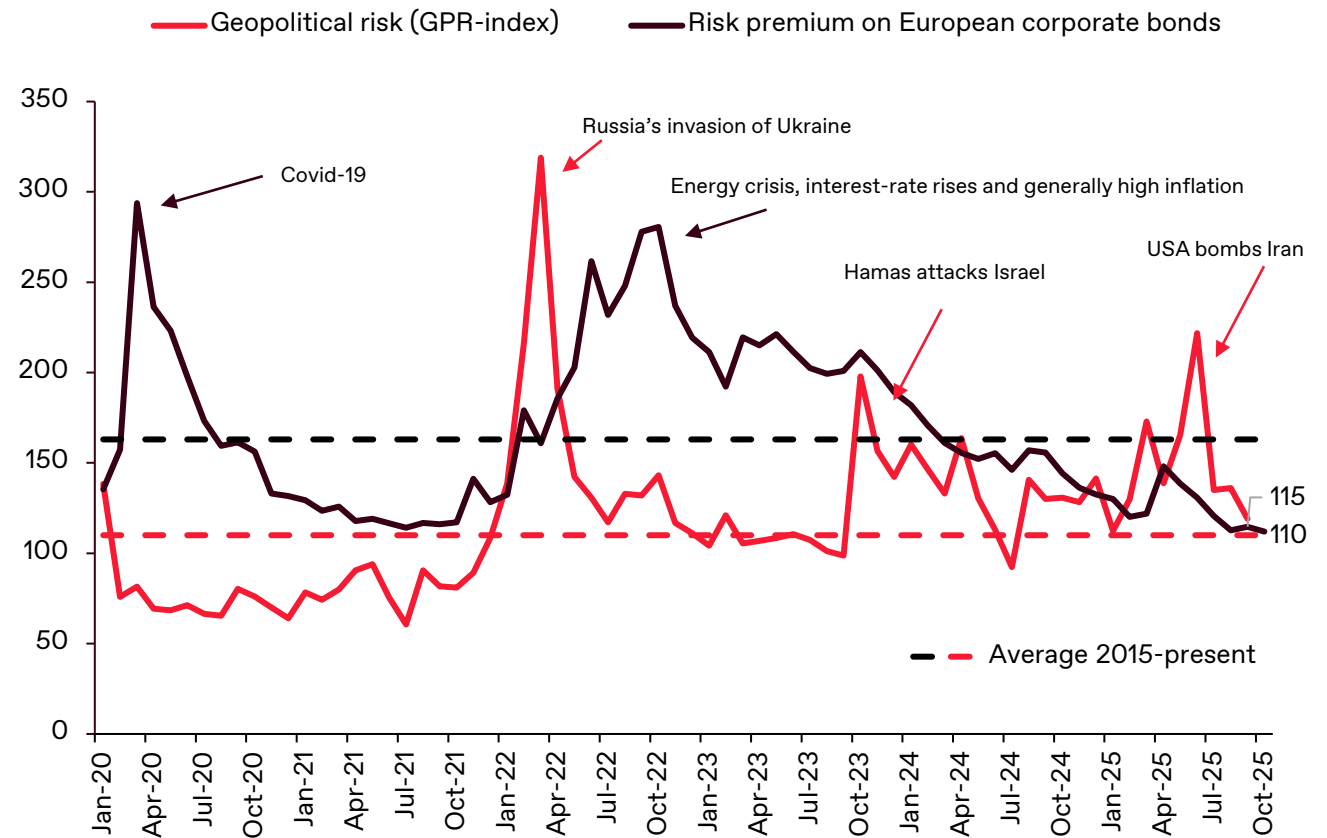
02

Economic environment

Geopolitical snapshot

Geopolitical unrest and risk premium on European corporate debt

- The geopolitical risk indicator (GPR) has increased markedly thus far in 2025, particularly following USA's bombing of Iran in July.
- At the same time, the risk premium on European corporate bonds has continued to fall, mirroring the trend seen in the first half of the year.
- As in our previous report, we interpret these developments as a signal that the financial markets continue to anticipate stable, robust economic development in the EU despite increasing geopolitical tensions and uncertainties.
- Nevertheless, it is important to note that such indicators only provide a snapshot of the current situation and are not a forecast of the future. Unforeseen events may quickly change the picture, elevating the risk of both further geopolitical conflict and disruption in financial markets.



Economic growth

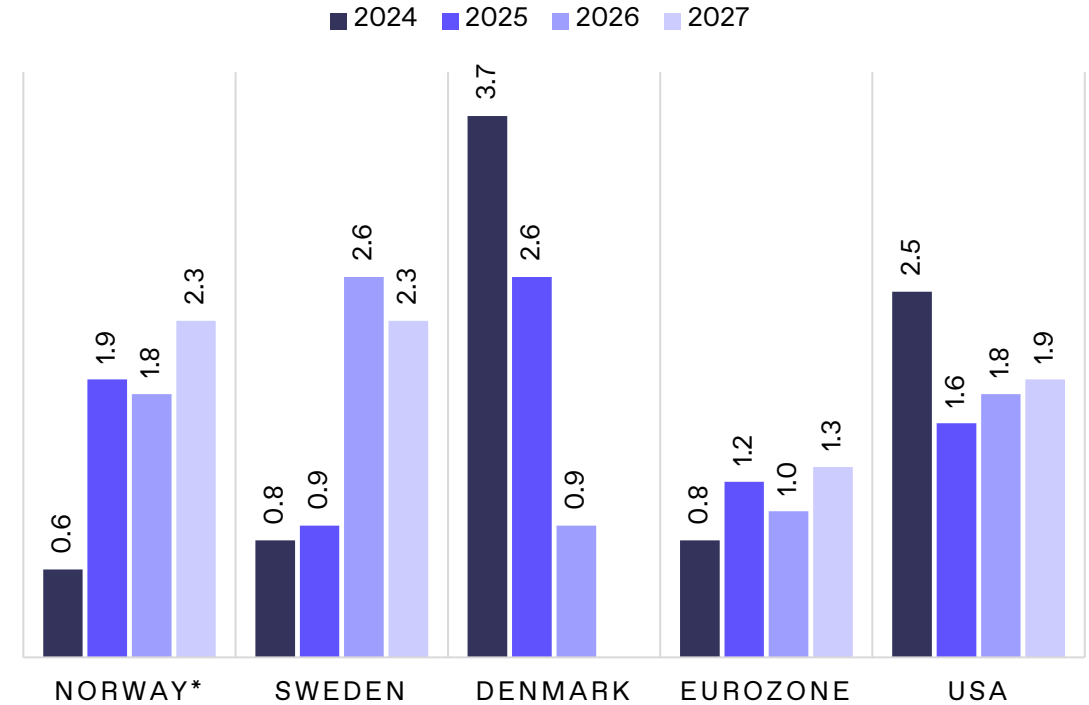
Accelerating growth in Norway, but Sweden is lagging behind

Comment

- Growth in Norway has accelerated in 2025, driven more by consumption and exports than by investment.
- In Sweden, the expected upturn has been slow in coming, but forecasts point to increased activity in 2026 and 2027.
- Denmark has experienced a period of strong growth in 2024 and 2025, but expectations for 2026 are more moderate, at 0.9%.
- For the U.S., the Federal Reserve's forecasts for 2025 and 2026 are broadly in line with the June projections but lower than those at the beginning of the year. Eurozone (ECB) forecasts are largely unchanged, with continued weak growth anticipated in the years ahead.
- Forecasts used in this report were prepared in September 2025 by the sources listed below, with the exception of the Danish Economic Councils, which have not yet published their autumn report.

GDP growth

Percentage change compared to previous year



* Mainland Norway

Household purchasing power and job security

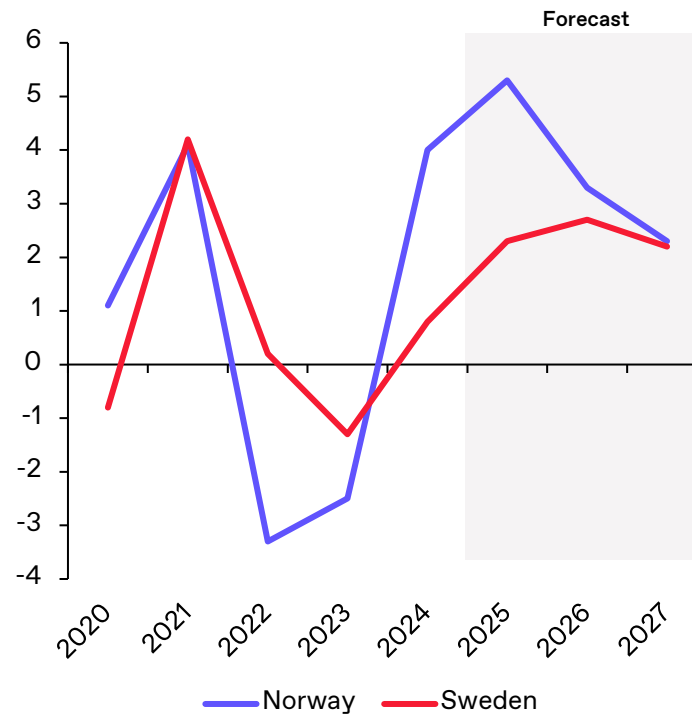
Improved purchasing power, stable unemployment

Comment

- The outlook for future household finances is positive despite moderate interest-rate cuts, particularly in Norway.
- The labour market has remained robust in all three countries. Although unemployment has risen somewhat in Norway and Sweden thus far this year, it is forecast to fall again over the next two years.
- Persistently high interest rates will encourage households to prioritise consumption and saving over investment. Nevertheless, robust household finances are expected to boost demand in the construction sector.

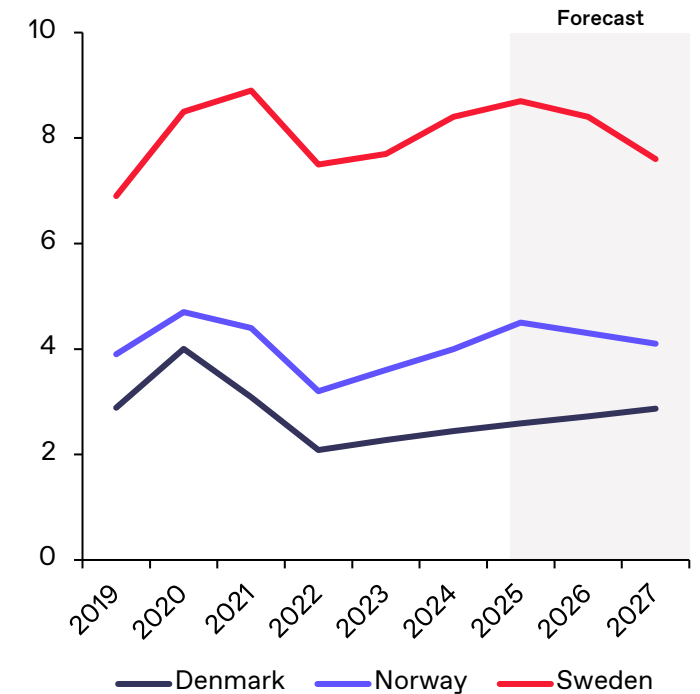
Household purchasing power is increasing...

Annual growth in real disposable income, households, %



...while job security remains stable

Unemployment, % of working persons aged 15–74

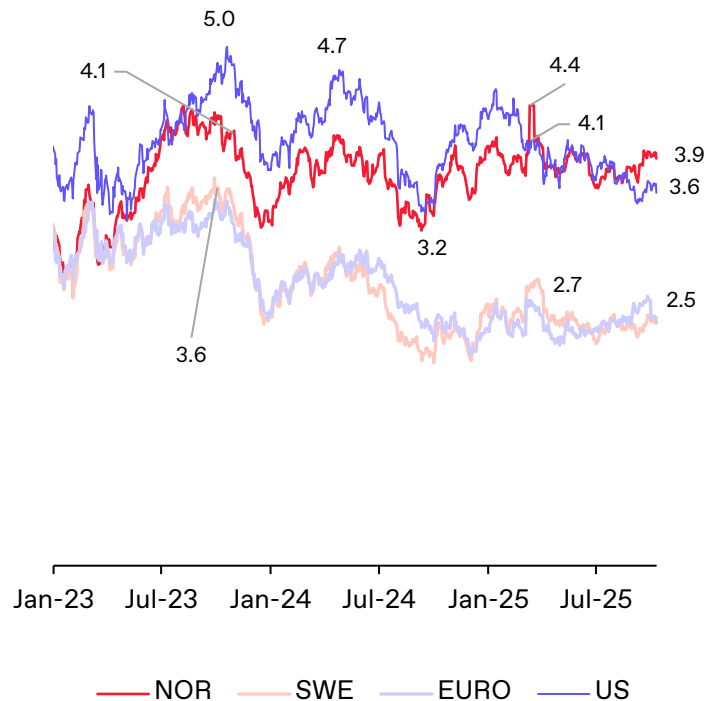


Inflation and interest rates

Key policy rates are being cut, but market rates remain high

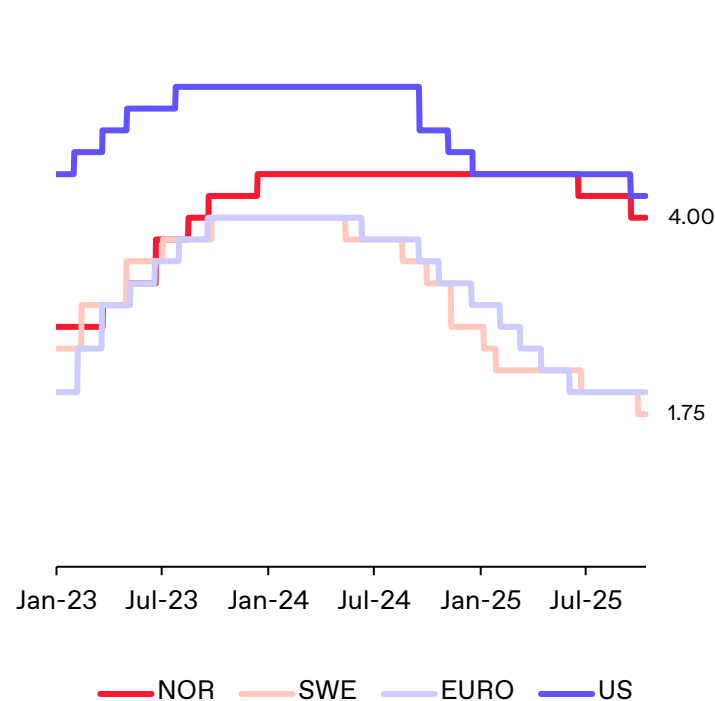
Market rates remain high...

Five-year swap rates, %, latest observation 10 October



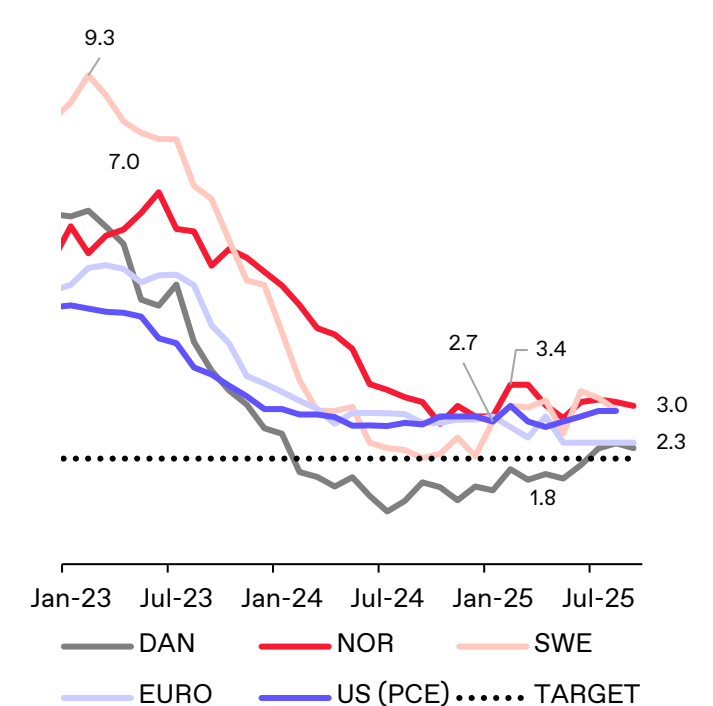
...while key policy rates have been cut

Key policy rates, %, latest observation 10 October



Inflation is close to the 2% target

Core inflation, latest observation Sep-/Aug-25



Demographic developments

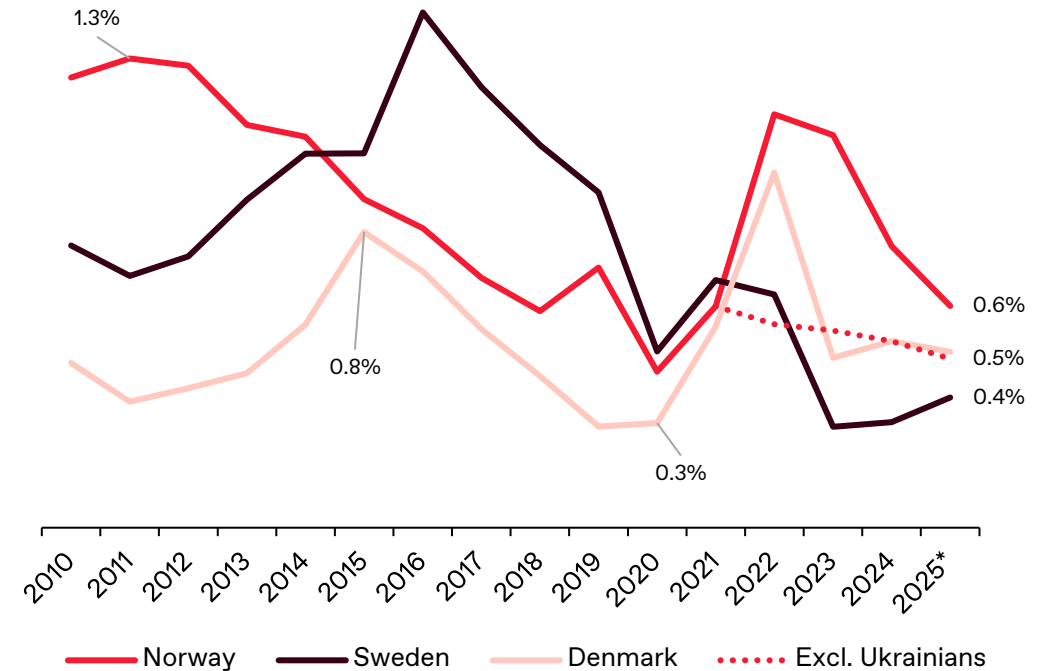
Declining population growth in Norway and Sweden

Comment

- Population growth is an important long-term driver of both the construction and the infrastructure market.
- While population growth in Norway fell to 0.6% in 2024, both the increase and the decrease observed in the past two years is attributable to refugees from Ukraine. Adjusted for immigration from Ukraine, population growth was stable at 0.5% until the second quarter. At a modest 0.4%, Sweden's population growth was approximately on a par with earlier years.
- Lower population growth compared to earlier decades is attributable to lower birth rates and reduced immigration. Moreover, it equates to reduced demand for new schools and residential units for young adults. However, demand for health and care buildings will rise strongly over the next 10–15 years, driven by a rapidly aging population.

Population growth

Annual growth, %



* Per Q2 2025

Resource requirements in different sectors

Strong growth in elder care, but reduced needs in other demographic segments

Comment

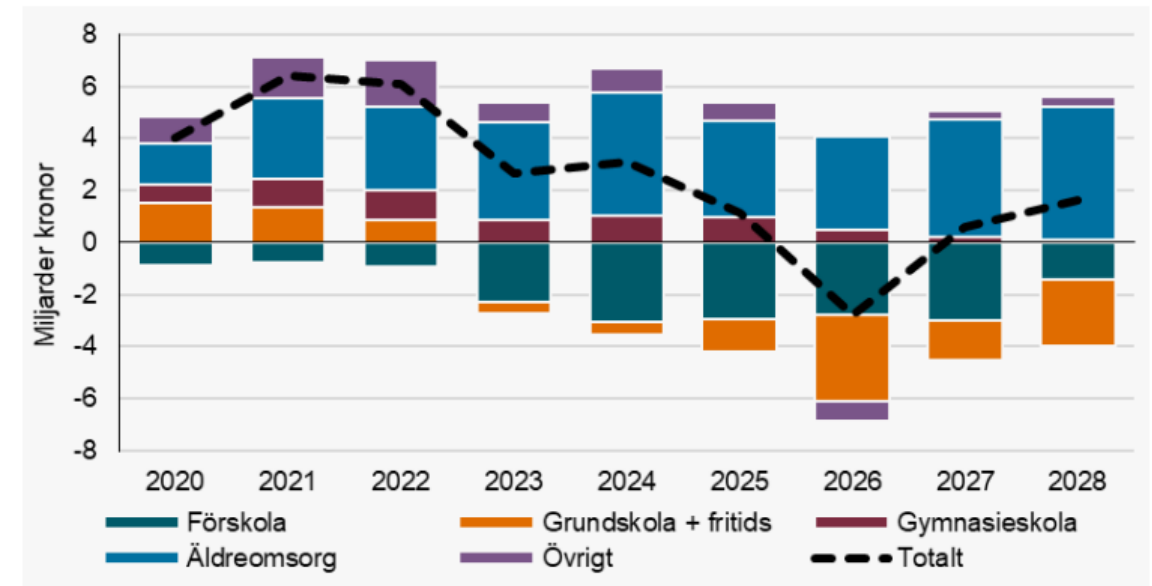
- The figure from the May 2025 economic report illustrates how demographic changes will impact municipal resource needs. We can see a clear drop in demand for pre-primary and primary school places, but a sharp uptick in demand for elder care facilities.
- The same trend is evident in Norway and, to a lesser extent, Denmark.

Investment needs in different municipal sectors, Sweden

May 2025 economic report from the Swedish Association of Local Authorities and Regions

Diagram 8 • Demografiska behovsförändringar inom olika verksamheter i kommunerna

Miljarder kronor



Källor: Statistiska centralbyrån och Sveriges Kommuner och Regioner

03

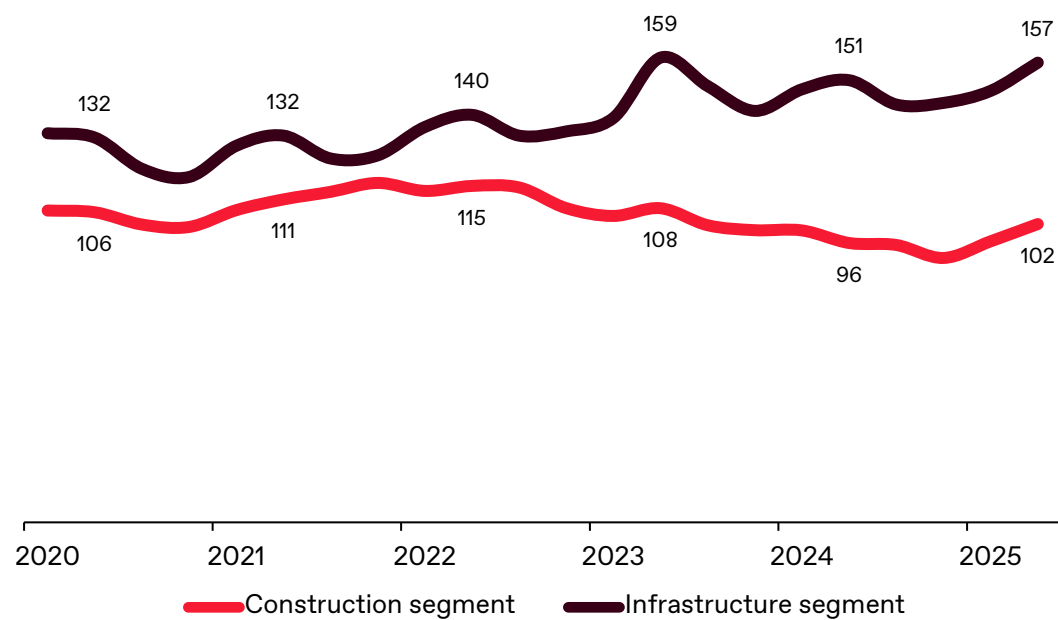
The contracting markets

Estimated order intake, construction operations

Increased order intake for major construction and civil engineering players

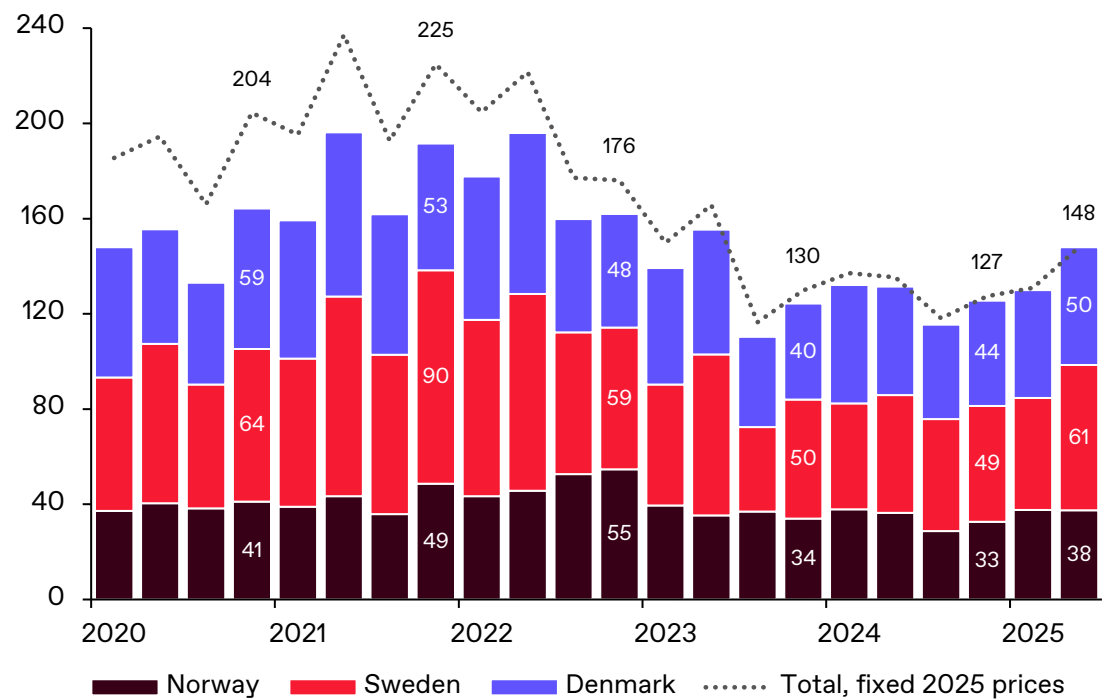
Order book, listed companies, Nordic operations

Reporting companies, estimates in NOK/SEK billion according to reported currencies



Estimated order intake, Scandinavian construction sectors

NOK billion. Based on registered building permits



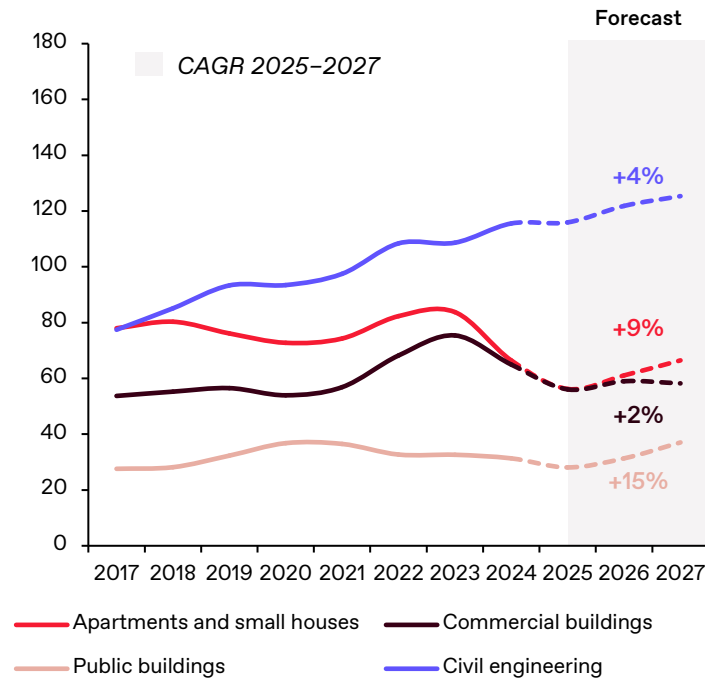
Construction includes Construction Norway, Construction Sweden, Hoffmann, AF Bygg, Betonmast, Peab Construction, NCC Building Sweden and NCC Building Nordic
Infrastructure includes Infrastructure Norway, Infrastructure Sweden, AF Anlegg, Peab Infrastructure, NCC Infrastructure and Skanska Nordic

The Scandinavian contracting markets

Historical figures and forecasts, current prices

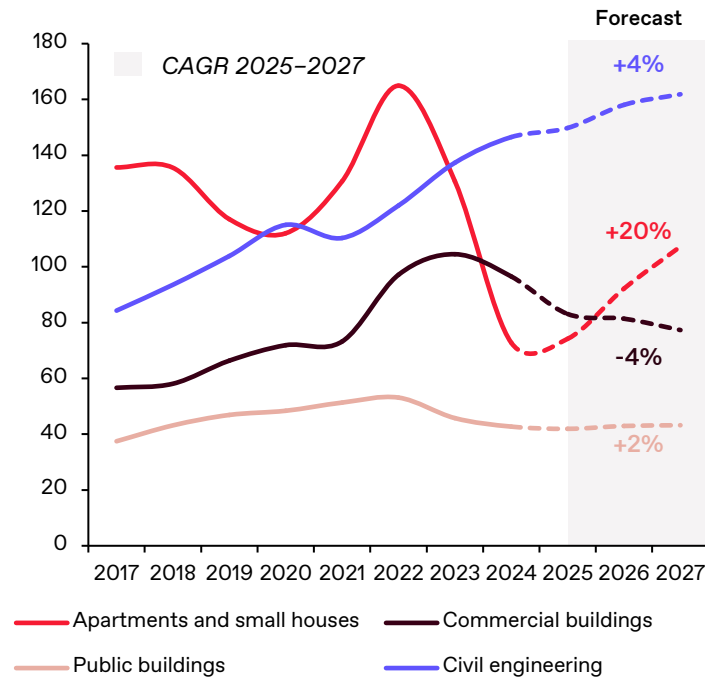
Norway, production by sector

NOK billion, current prices



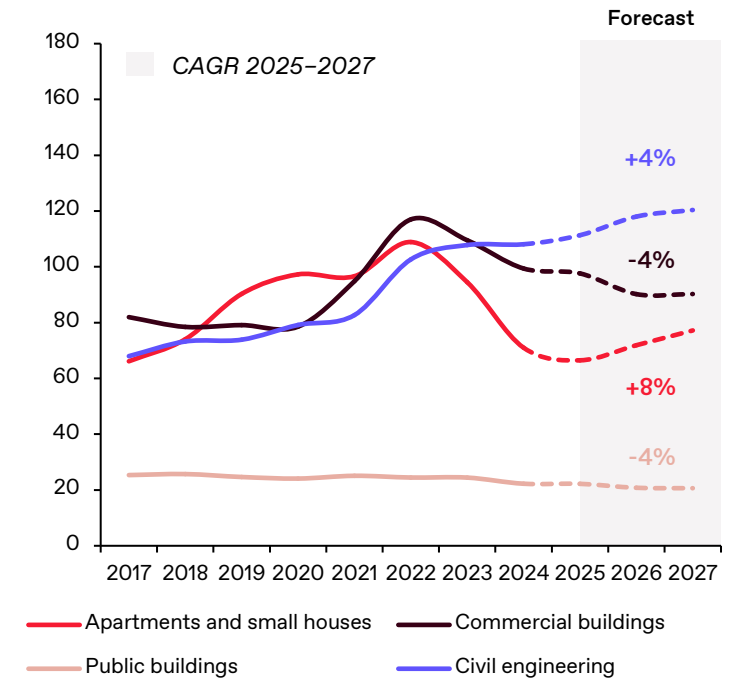
Sweden, production by sector

NOK billion, current prices



Denmark, production by sector

NOK billion, current prices

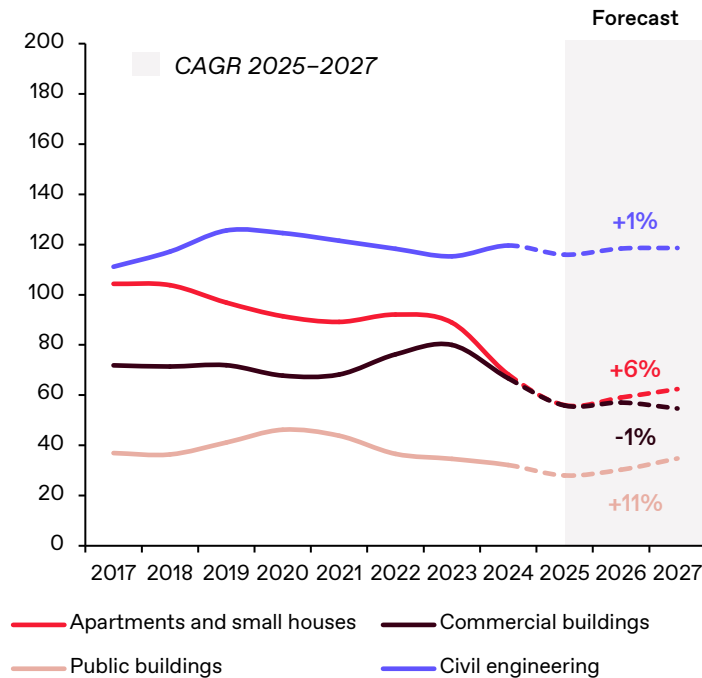


The Scandinavian contracting markets

Historical figures and forecasts, current prices

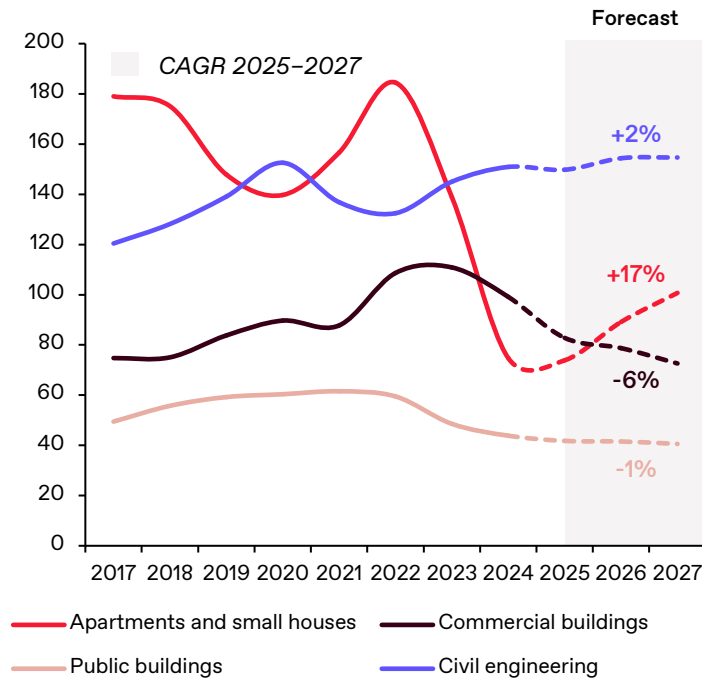
Norway, production by sector

NOK billion, fixed prices



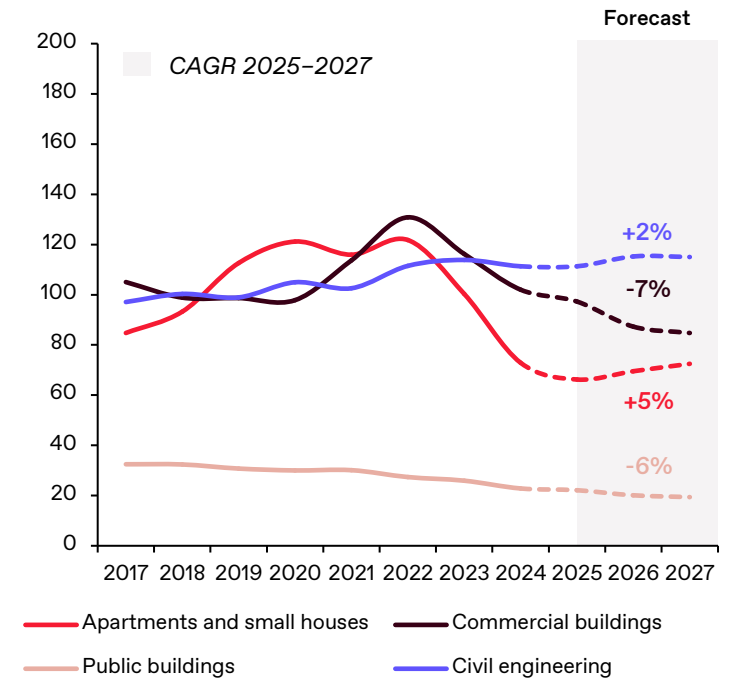
Sweden, production by sector

NOK billion, fixed prices



Denmark, production by sector

NOK billion, fixed prices

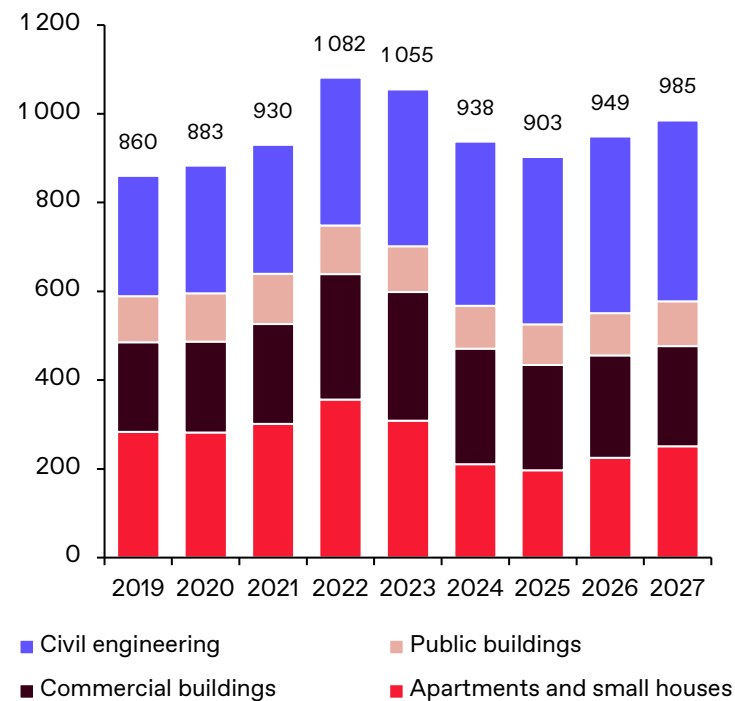


Forecast 2025–2027: Approximately 50% recovery?

Sector and country distribution

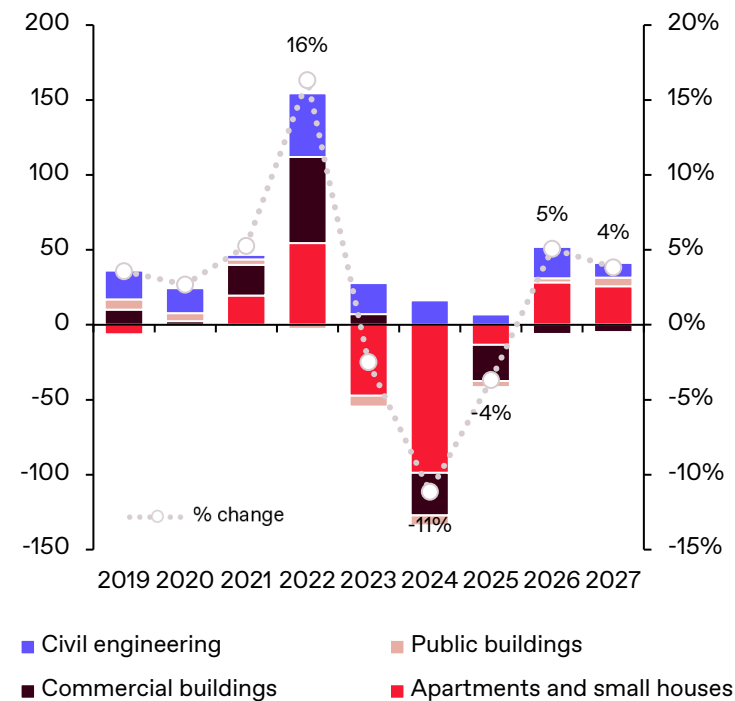
Sector distribution

NOK billion, forecast 2025–2027



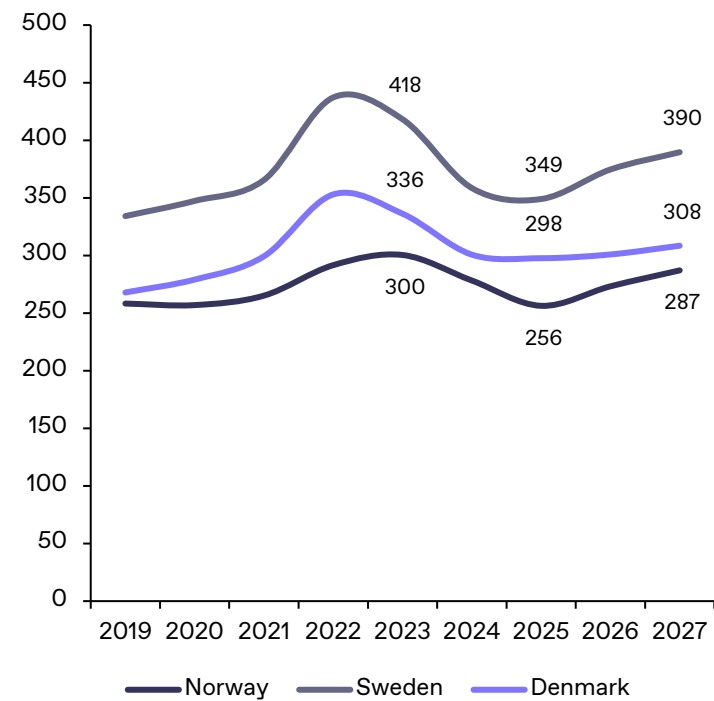
Year-on-year change by sector

NOK billion, forecast 2025–2027



Country distribution

NOK billion, forecast 2025–2027



The contracting markets

Construction

New residential unit sales in Norway

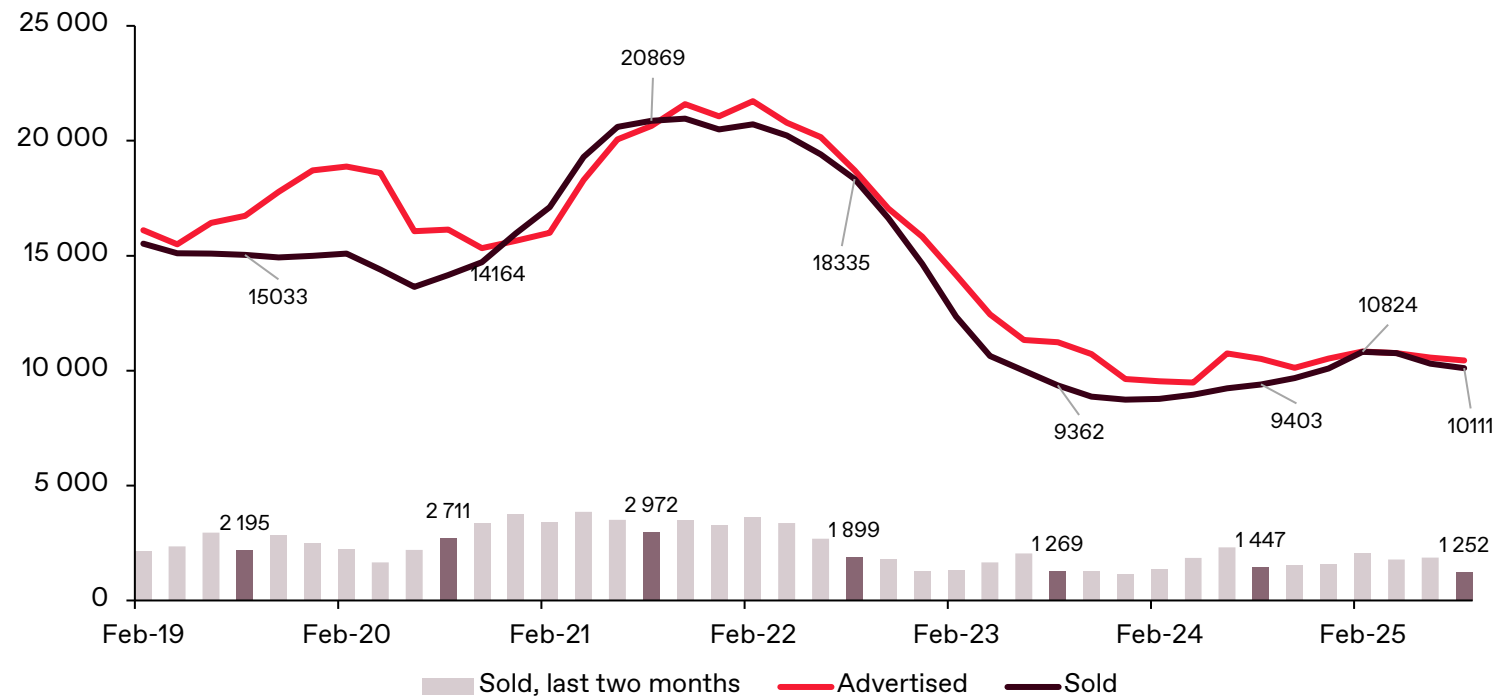
A temporary slowdown?

Comment

- Norway saw an upturn in new residential unit sales in 2024, after demand bottomed out in 2023. Thus far in 2025, however, growth has slowed, with sales tapering off slightly in the spring.
- Approximately 10,100 apartments have been sold in the past 12 months, approximately the same number as advertised for sale.
- In our view, developments in the spring of 2025 are largely attributable to temporary factors which have reduced demand. This relates particularly to uncertainty about the timing of interest-rate cuts and concerns based on geopolitical and economic factors.
- Taking into account the positive outlook for the Norwegian economy and planned interest-rate cuts, we expect sales to pick up again going forward. Nevertheless, levels will remain significantly below those seen during the low interest-rate period prior to 2022.

Ready-for-sale and sold apartments

Number of units, 12-month rolling total and last two months. latest observation August 2025



Apartments and small houses in Norway and Sweden

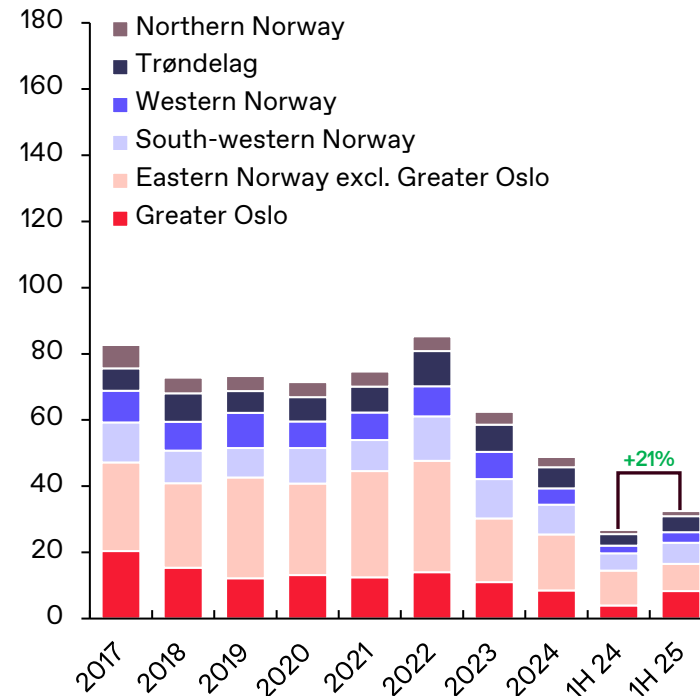
Growth in both countries, but from a low base

Comment

- The intake of orders for new apartments and small houses grew significantly in the first half of 2025, compared to the same period in 2024: up 21% in Norway and up 26% in Sweden. This indicates that the positive trend seen in 2024 has continued into 2025.
- In Norway, growth is most evident in Greater Oslo, Western Norway and Trøndelag. In Eastern Norway outside Oslo, where the market was very large until 2022, volumes remain at a moderate level.
- In Sweden, the number of building starts is rising in all major urban regions.
- Going forward, we anticipate further improvement in both countries, although growth is expected to be stronger in Sweden than in Norway. The main reason for this is that Sweden has made stronger interest-rate cuts than Norway.

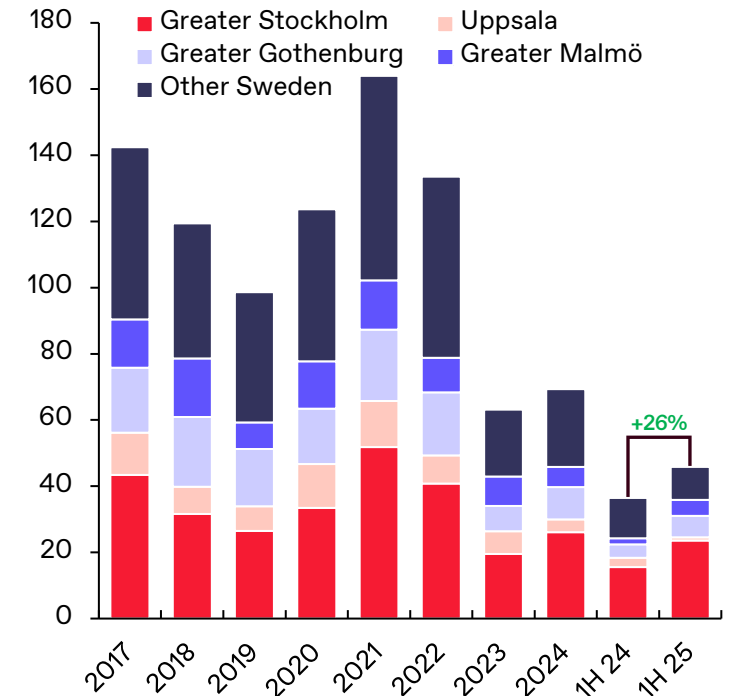
Norway, estimated order intake

NOK billion



Sweden, estimated order intake

NOK billion



Commercial buildings in Norway and Sweden

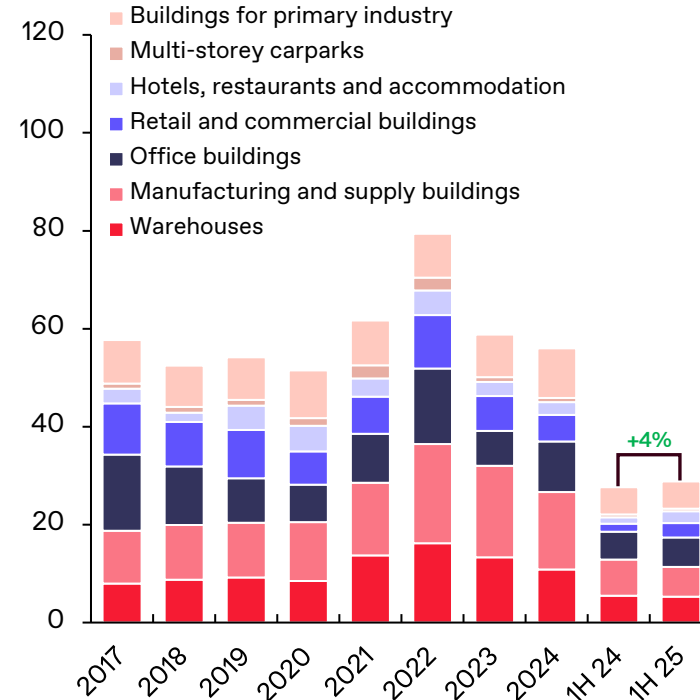
Flat development in 2025

Comment

- The order intake related to commercial buildings grew moderately year-on-year in the first half of 2025: up 4% in Norway and up 2% in Sweden.
- The decline from 2022–2023 is particularly noticeable in the industrial and warehouse segments, which were previously a key growth driver. Despite a downturn since the economic boom in 2021–2023, activity levels remain robust and high.
- We anticipate stable market demand for commercial buildings in both countries going forward.

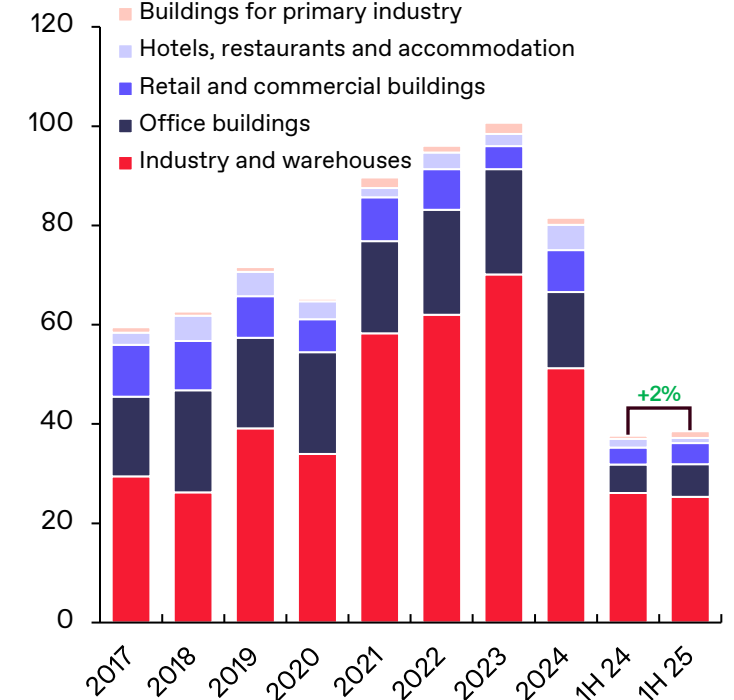
Norway, estimated order intake

NOK billion



Sweden, estimated order intake

NOK billion



Public buildings in Norway and Sweden

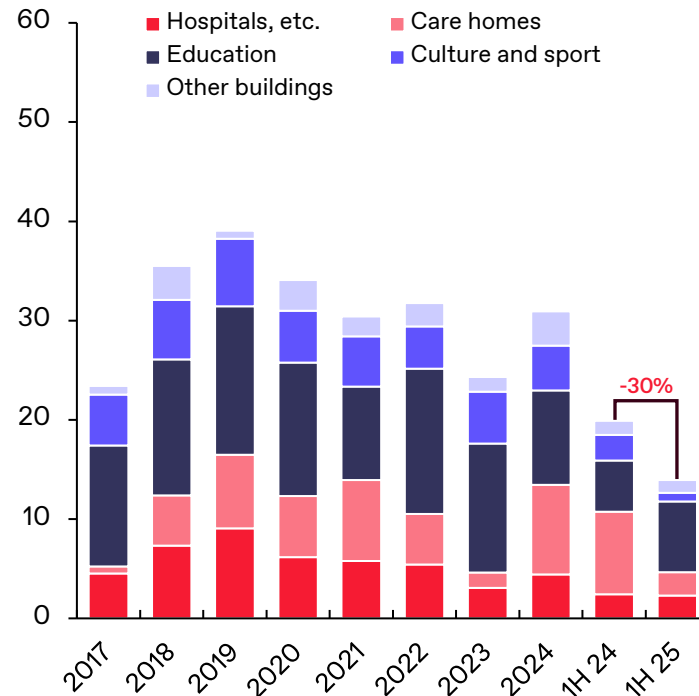
A temporary decline in healthcare projects weighs on Norway; growth in Sweden

Comment

- In the first half of 2025, the number of public building starts fell significantly in Norway but was up in Sweden. The decline in Norway is mainly due to fewer new hospital projects, although the education segment showed growth. Activity levels are expected to pick up again going forward, as several hospital projects have already been greenlit.
- In Sweden, the number of building starts increased by 19% in the first half of the year, driven primarily by care-related buildings.
- In both countries, municipalities' scope to initiate new projects is limited by higher costs linked to spending, inflation and financing. We expect health and care-related projects to be prioritised over the education sector in response to an ageing population and lower birth rates.

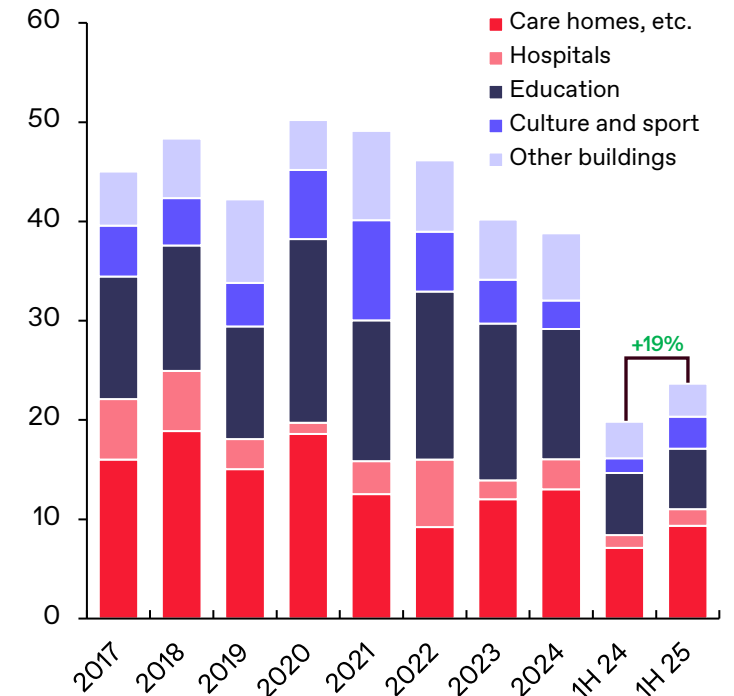
Norway, estimated order intake

NOK billion



Sweden, estimated order intake

NOK billion



Commercial buildings in Denmark

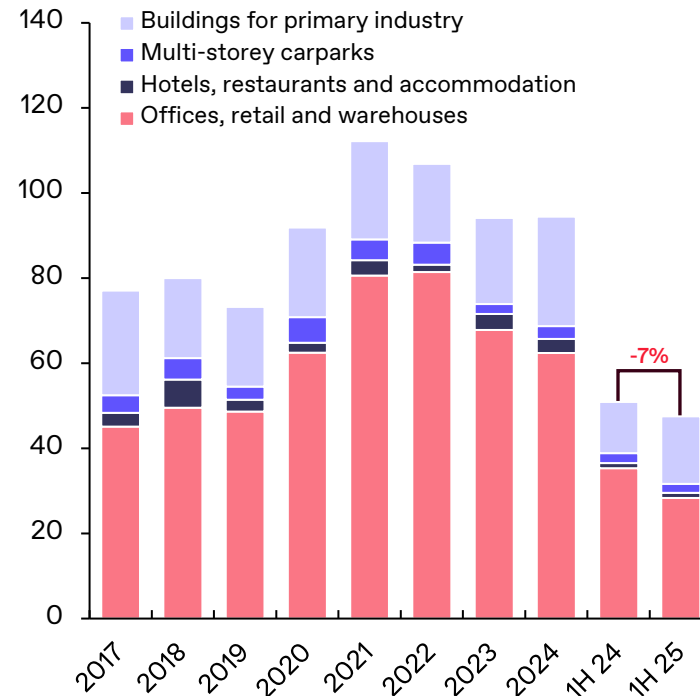
Slight decline, but from a high level

Comment

- Provisional figures for the first half of 2025 indicate a year-on-year drop in demand. Commercial buildings were down 7%, particularly in the office, retail and warehouse segment. Public building demand fell 10%, with declines in both the care homes and “Other buildings” segments.
- This year’s figures should be viewed in light of 2024’s high level of investment in both commercial and public buildings.
- Overall, we expect moderate positive growth in the next few years. One important question is whether increased defence spending may reduce investment in other public buildings.

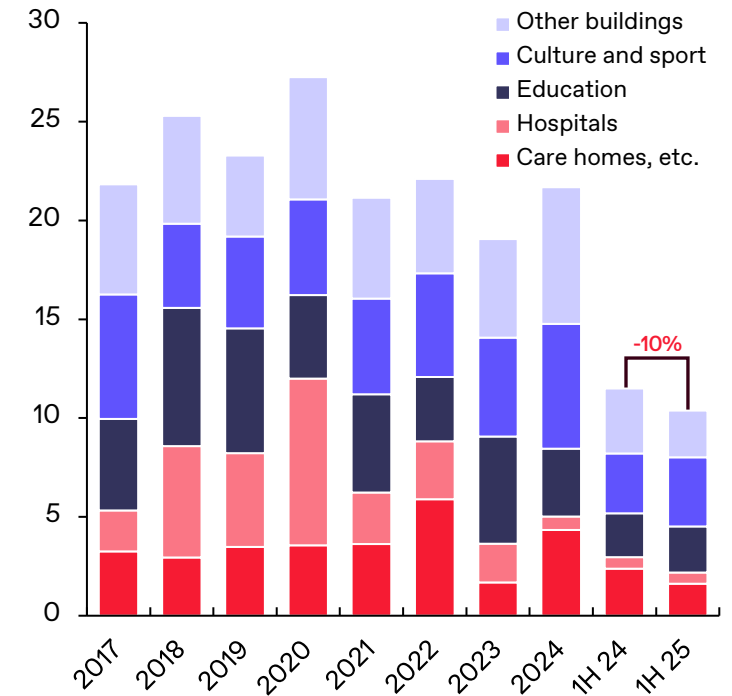
Commercial buildings

Estimated order intake, NOK billion



Public buildings

Estimated order intake, NOK billion



Statistics Denmark's construction area statistics for 2024 and 2025 remain provisional and may be revised. Our data are based on Statistics Denmark's data, which are corrected for delays.

The contracting markets

Infrastructure

The civil engineering market in Norway and Sweden

High production throughout the forecast period

Comment

Norway

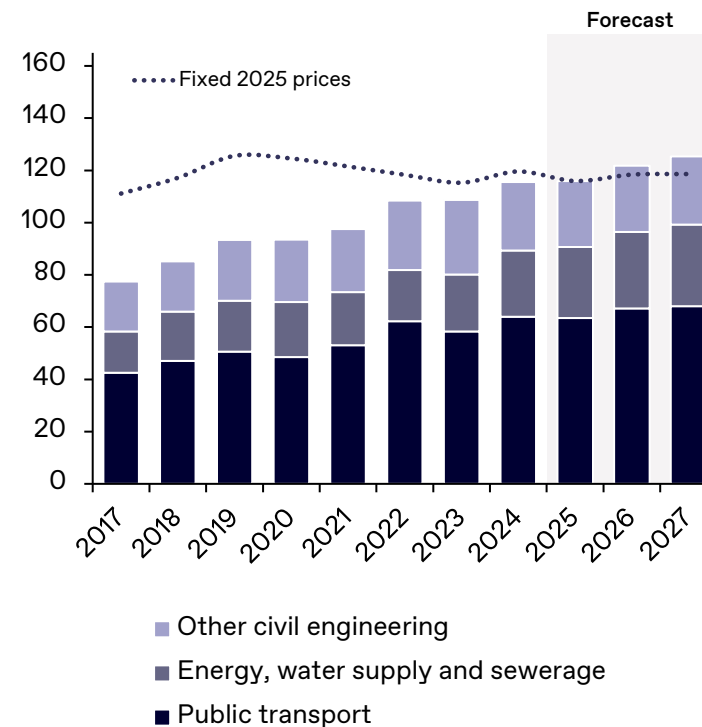
- Growth in the civil engineering market is estimated at 5% in 2026 and 3% in 2027, measured in value terms. The forecasts are virtually unchanged since our spring report.
- High production in the public transport sector throughout the forecast period, mainly in the roads market.
- Renewal and upgrading of ageing infrastructure mean continued positive prospects for the energy, water supply and sewerage sector.

Sweden

- The forecast for 2025 has been reduced slightly due to lower production thus far this year (as at Q2).
- An upturn of 6% is expected in 2026, followed by moderate growth of 2% in 2027.
- New investments in railways and energy stand out as clear growth drivers.

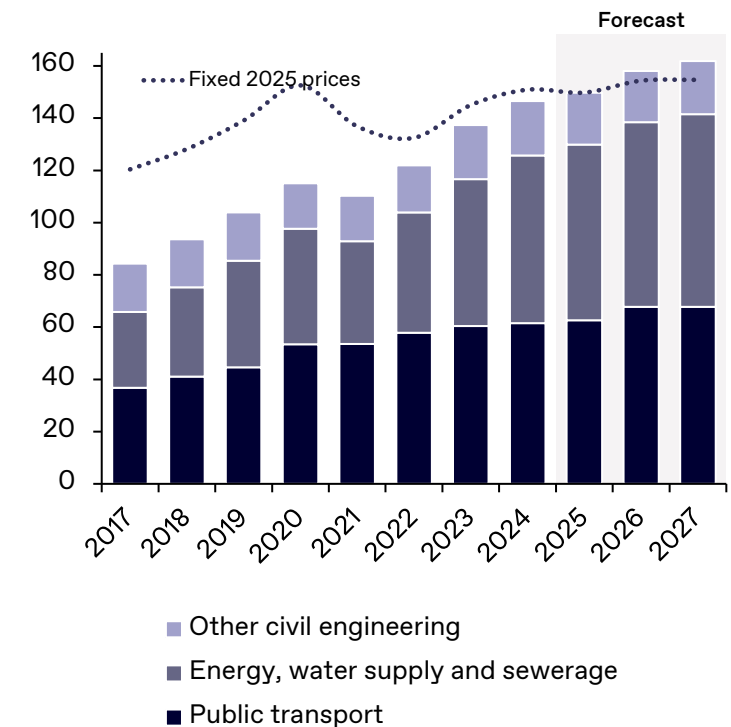
Norway, production

NOK billion, current prices



Sweden, production

NOK billion, current prices



Infrastructure

Public transport

Transport infrastructure in Norway

Extensive road-building in the period to 2027

Comment

Roads

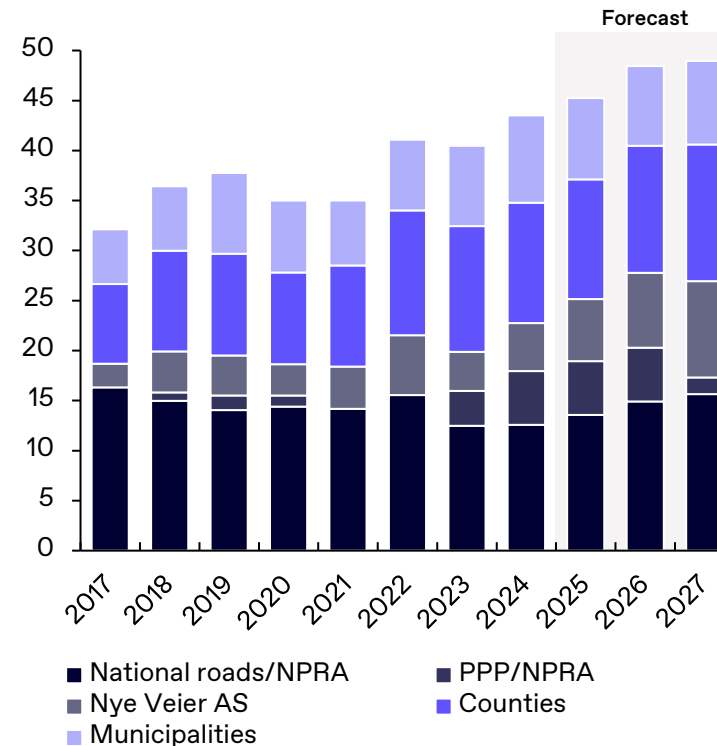
- The numerous major government projects currently underway provide a basis for higher production until 2027.
- In addition, growth is expected in the county road network from 2026 onwards, not least due to projects forming part of major urban development packages (Nedre Glomma and Bussveien in Rogaland).
- Overall, a high activity level is expected throughout the forecast period, measured in terms of production.

Railways

- Production levels are expected to remain relatively flat until the end of 2027.
- The start-up of the Arna–Stanghelle joint project may contribute positively, but probably not until the end of the period.

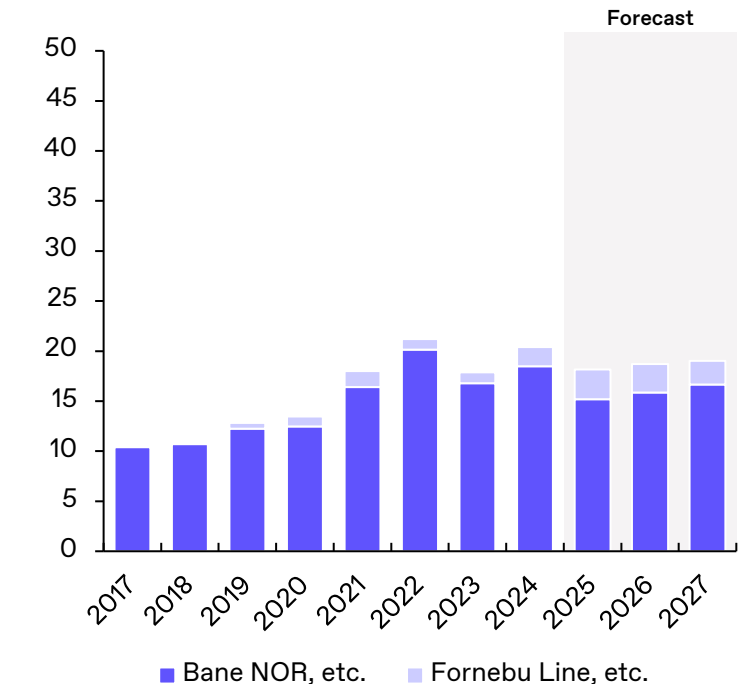
Roads market, production

NOK billion, current prices



Railways market, production

NOK billion, current prices



Transport infrastructure in Sweden

Strong growth in the railways market expected as of 2026

Comment

Roads

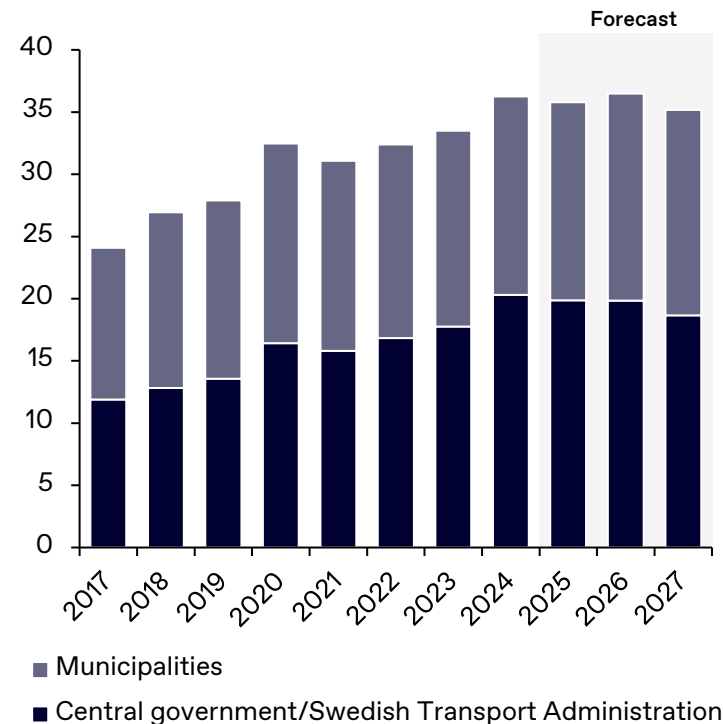
- Project delays have occasioned downward adjustment of forecasts compared to the previous report, including for the Södertörn cross-connection.
- Overall, a relatively flat trend is expected, measured in production terms.

Railways

- Production levels are expected to rise sharply from 2026 onwards, supported by ambitious plans in the draft new National Transport Plan.
- Several major projects are being executed during the forecast period, including Östlänken and Norrbottenbanan.

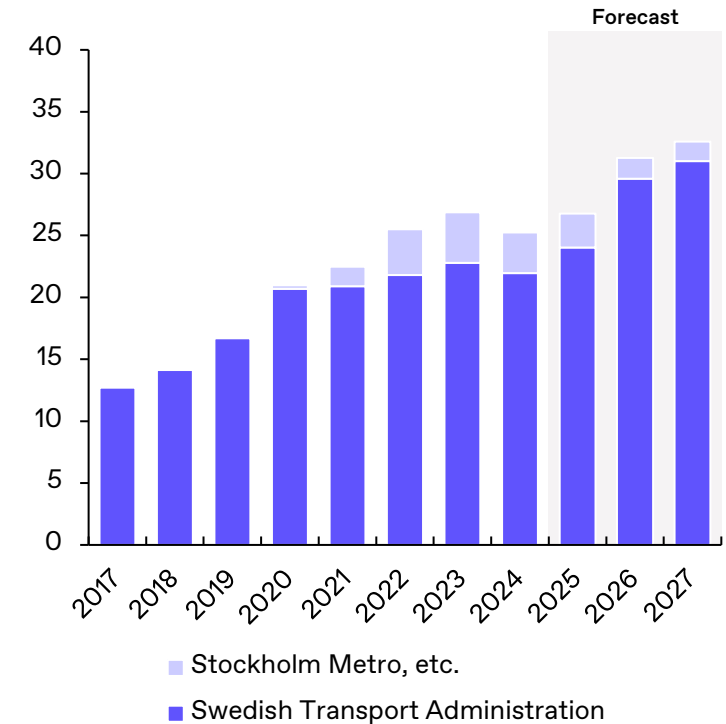
Roads market, production

NOK billion, current prices



Railways market, production

NOK billion, current prices



Sweden: National Transport Plan 2026–2037

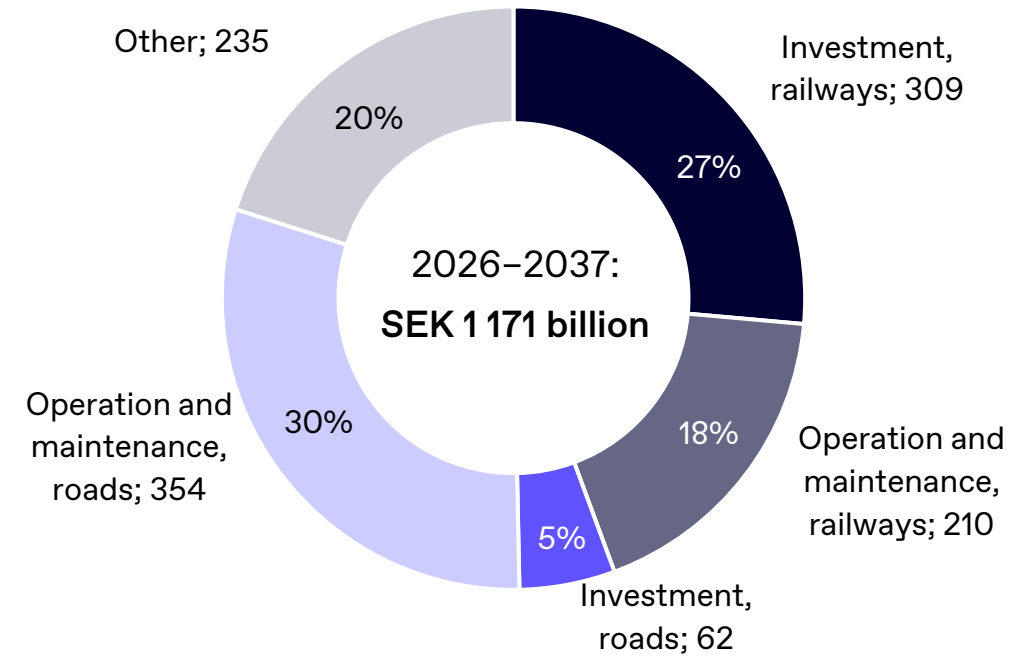
Proposal from the Swedish Transport Administration

Comment

- The proposed budget for the planning period totals SEK 1 171 billion.
- Approximately half of the funds will go towards the operation and maintenance of existing road and rail networks.
- At the same time, there is a strong emphasis on maintaining the functionality and condition of existing infrastructure, particularly the road network.
- The plan clearly prioritises railways investment, while new road projects have lower priority.

Distribution of planned budget

SEK billion



Infrastructure

Road maintenance

Road maintenance, Norway

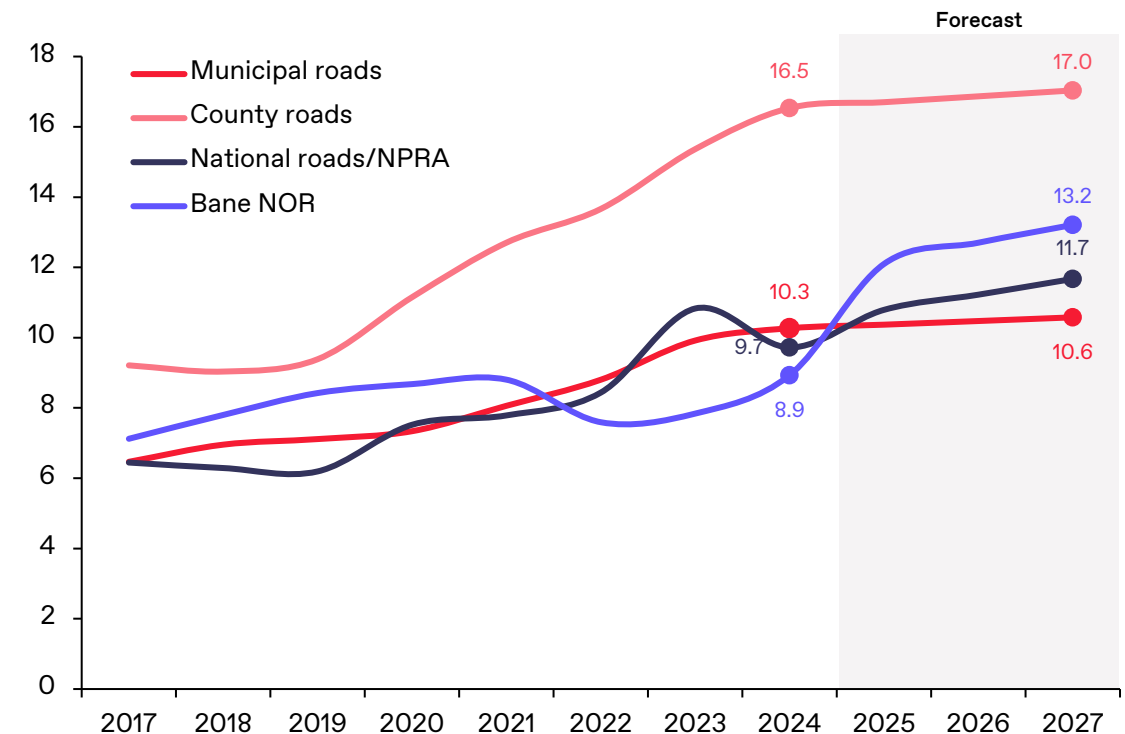
High priority going forward

Comment

- Norway still has a substantial maintenance backlog on its road and rail networks.
- The pace of development is high, particularly in the road sector. As more projects are completed, a gradual transition is expected towards increased demand for operation and maintenance.
- The National Transport Plan 2025–2036 gives high priority to operation, maintenance and renewal, as already reflected in increased allocations to national roads and railways.
- Activity levels related to county and municipal roads were high at the start of 2025, with prospects of moderate future growth.
- We expect continued positive trends in both the national road and railway segments in the period to 2027, in line with priorities set out in the National Transport Plan.

Road maintenance by clients and segment

NOK billion



Infrastructure

**Energy, water supply and
sewerage**

Norway: Energy, water supply and sewerage

Further growth expected

Comment

Energy

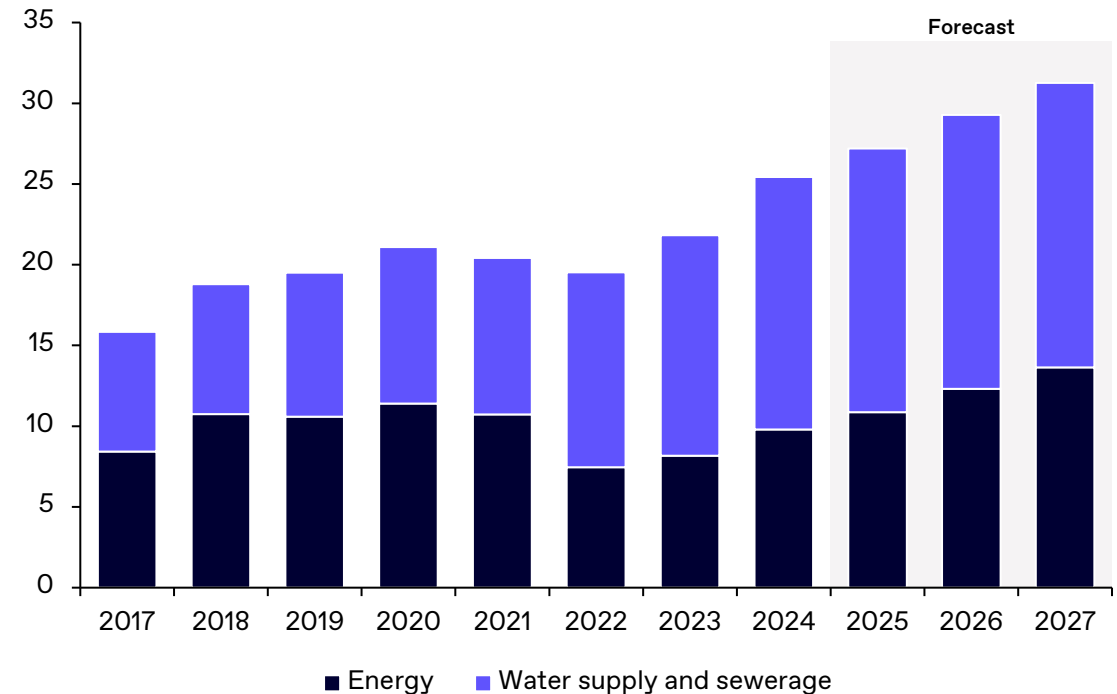
- We anticipate a growing market in the years until 2027, driven by increased investment in the transmission grid under the auspices of Statnett.
- The main focus is on new 420 kV lines and sub-stations in high-demand areas.
 - One example is Veidekke's billion-kroner contract with Statnett in Vestland for the construction of transformer stations. The construction work includes groundworks, building and concrete work – including access roads, blasting and transformer shafts – and the erection of technical buildings and associated facilities above and below ground.

Water supply and sewerage

- Updated figures from Statistics Norway show a new peak in production levels in 2024.
- Activity is being boosted particularly by major renewal projects in the water supply and sewerage sector, following several years of maintenance and upgrade backlogs.
- Key drivers include ageing infrastructure, stricter environmental and purification requirements, and increased capacity demand in urban areas.

Production

NOK billion, current prices



Sweden: Energy, water supply and sewerage

Further growth expected

Comment

Energy

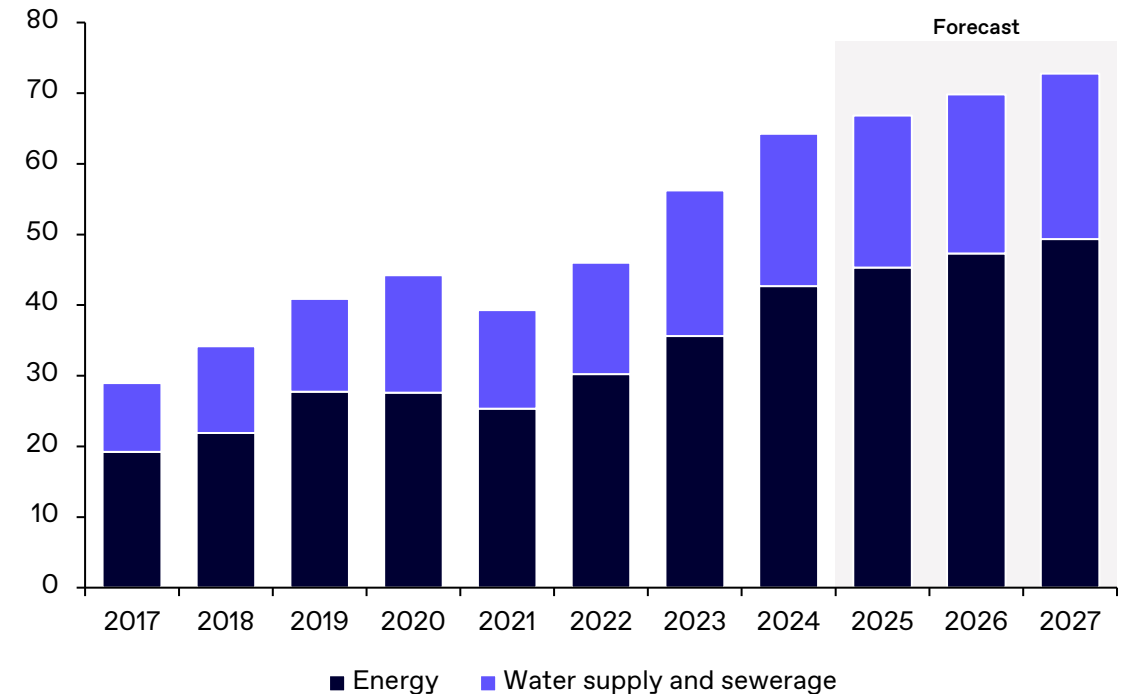
- The Swedish energy market is entering an expansion phase which will last until 2027, driven by increased investment by Svenska kraftnät.
- The largest investments are being made in upgrading and expanding the 400 kV grid, new transformer stations and strengthening connections between regions.

Water supply and sewerage

- Investment increased by over 50% in volume terms from 2014 to 2024, reaching a very high level in historical terms.
- The outlook for the period to 2027 is considered positive, albeit with more moderate growth than in recent years. This is partly because several major projects currently underway are entering their final phases.
- The growth drivers ageing infrastructure, stricter EU requirements related to purification and emissions, and the need for robustness in the face of flooding and extreme weather.

Production

NOK billion, current prices



04

Construction costs

Trends in construction cost indices

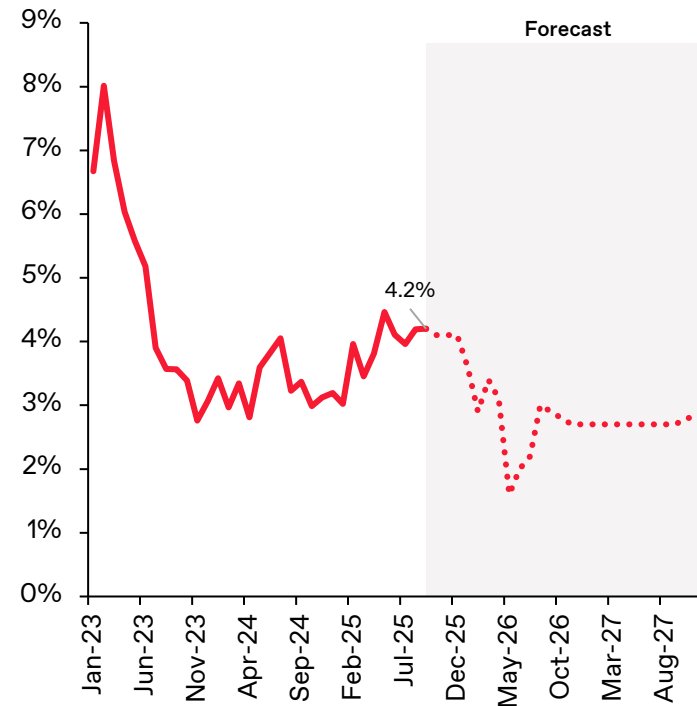
Still relatively stable, but somewhat higher than desired

Comment

- In September 2025, construction cost inflation was 4.2% in Norway and 2.6% in Sweden. Veidekke's forecast indicates that inflation in both countries will stay within the range 1.5%–4.0% until 2026.
- High wage growth is the most important driver. Expected lower labour costs in Norway following repeal of the uplift in employer's national insurance contribution have not yet materialised.
- Material prices are generally experiencing low inflation, with the exception of wood product prices, which rose sharply in the spring. We anticipate moderate price growth going forward, although both climate policies and geopolitics could have an impact.

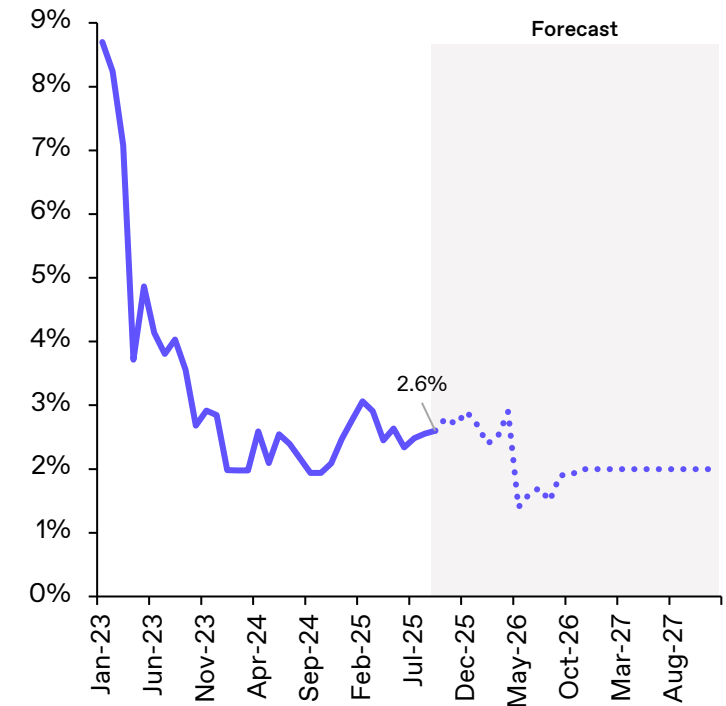
Construction cost index, residential blocks, Norway

Percentage change compared to same month last year



Construction cost index, residential blocks, Sweden

Percentage change compared to same month last year



Norway: Construction cost index, civil engineering

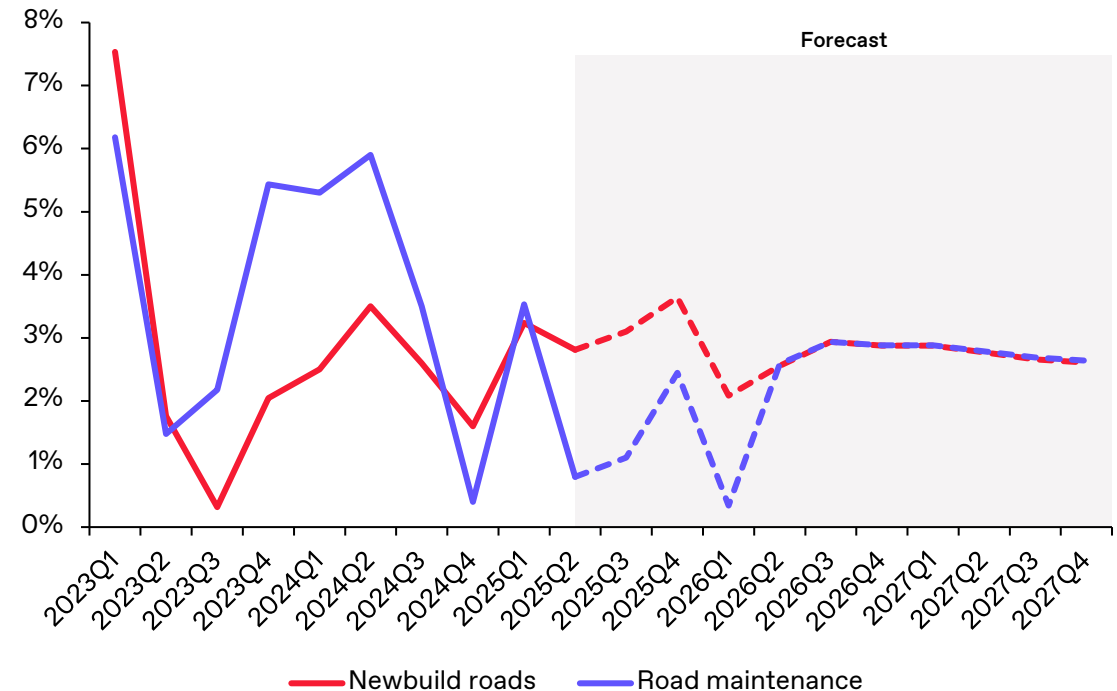
Fuel prices have driven volatility over the past year

Comment

- In June, price growth totalled 0.8% in the operation and maintenance segment and 2.8% for new-build projects. Inflation in the indices is expected to remain in the 2.5%–3.0% range going forward. The forecast for the coming year will be influenced by so-called base effects, i.e. changes in previous quarters which impact year-on-year metrics.
- Both indices are sensitive to changes in fuel prices, and the forecasts assume that energy prices will not experience new disruptions, e.g. due to geopolitical unrest.

Construction cost index, roads

Percentage change compared to same month last year

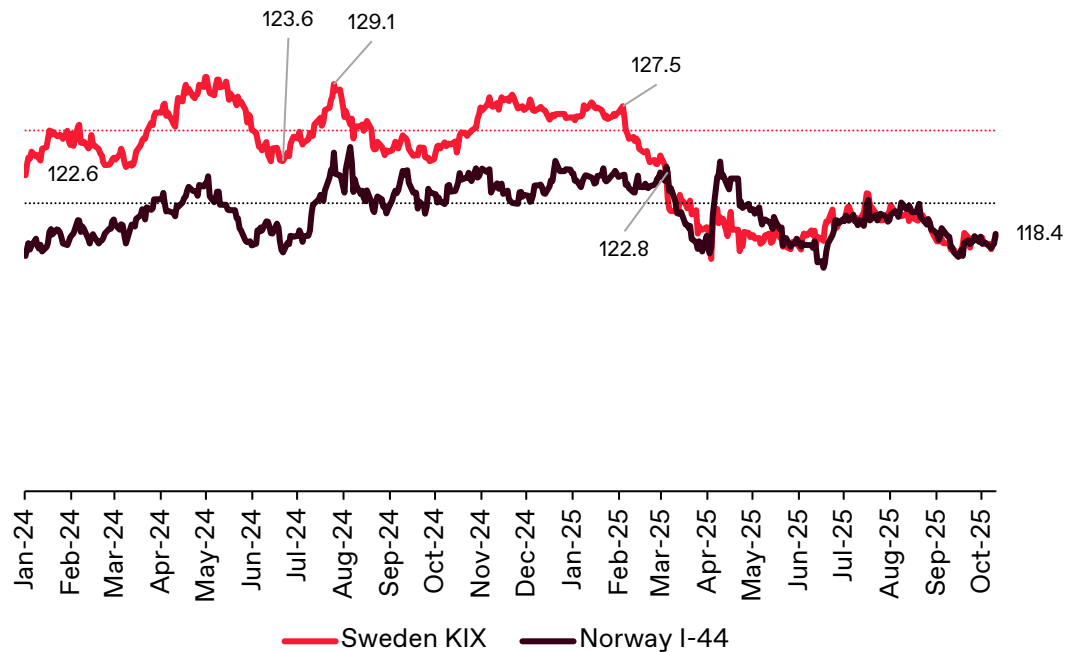


Key inflation drivers

Energy and currency remain stable

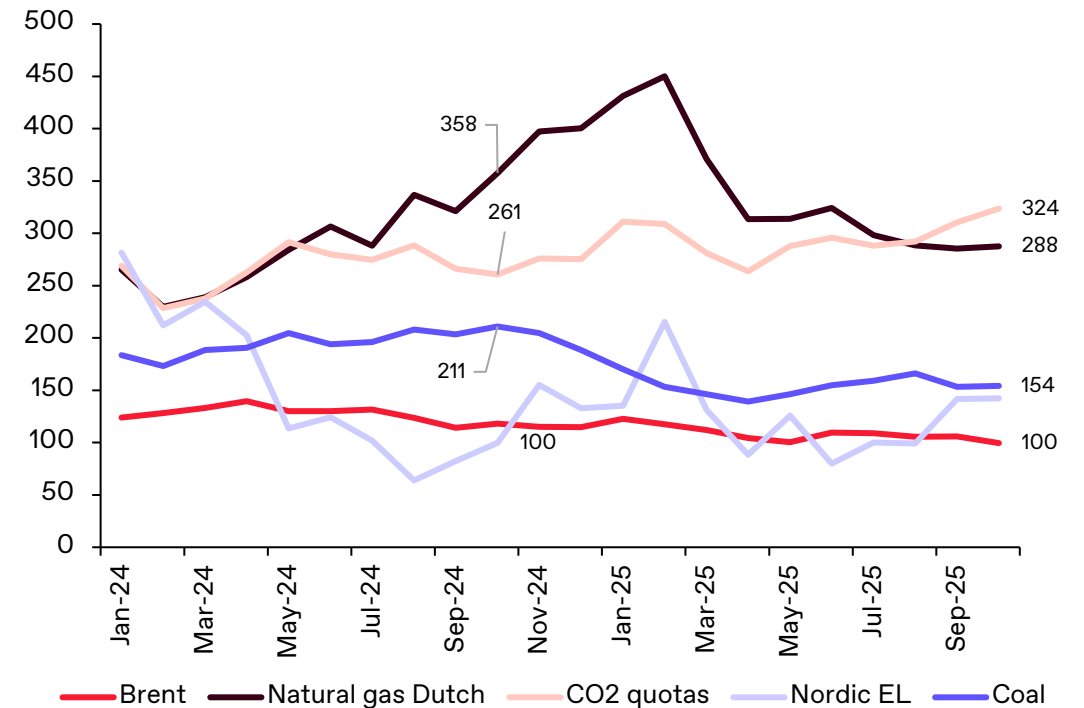
Foreign exchange (trade-weighted indices)

latest observation 10 October



Energy prices

Jan. 2020 = 100. latest observation October

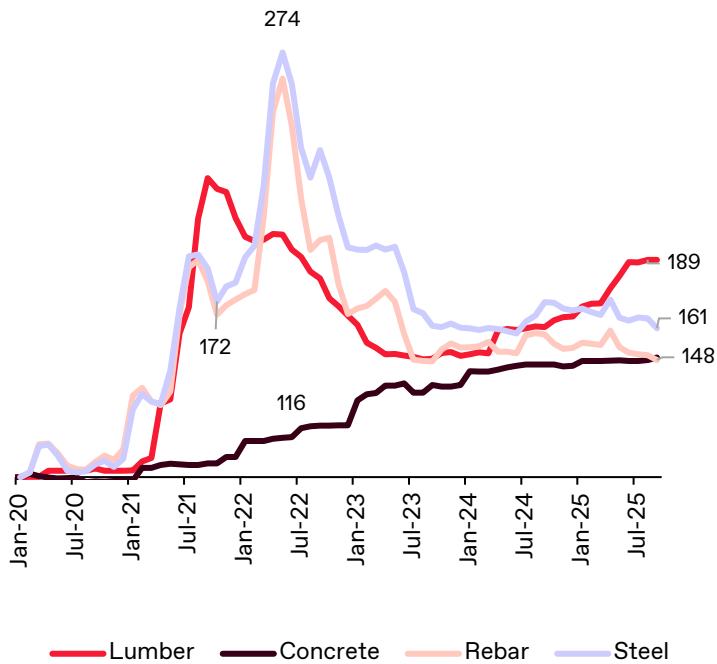


Construction cost indices by material

Planed timber, steel and concrete

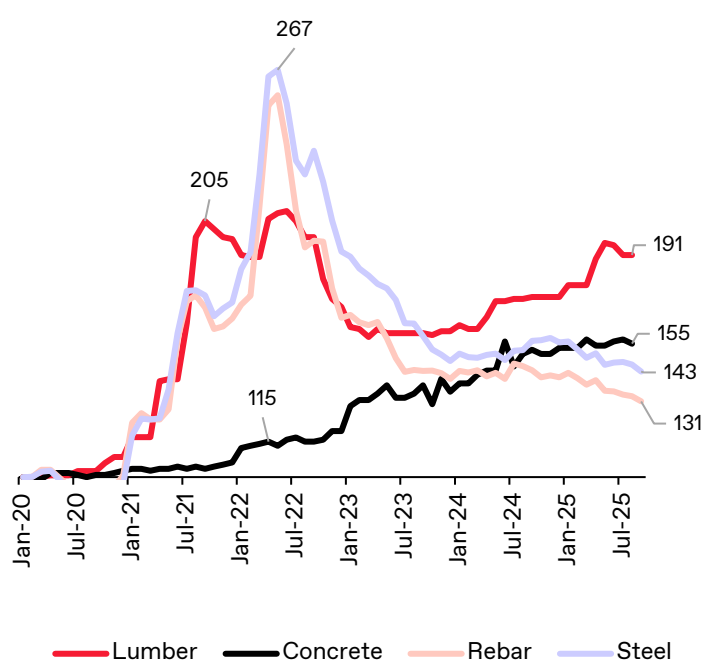
Norway

Index Jan. 2020 = 100, latest observation Sep-25



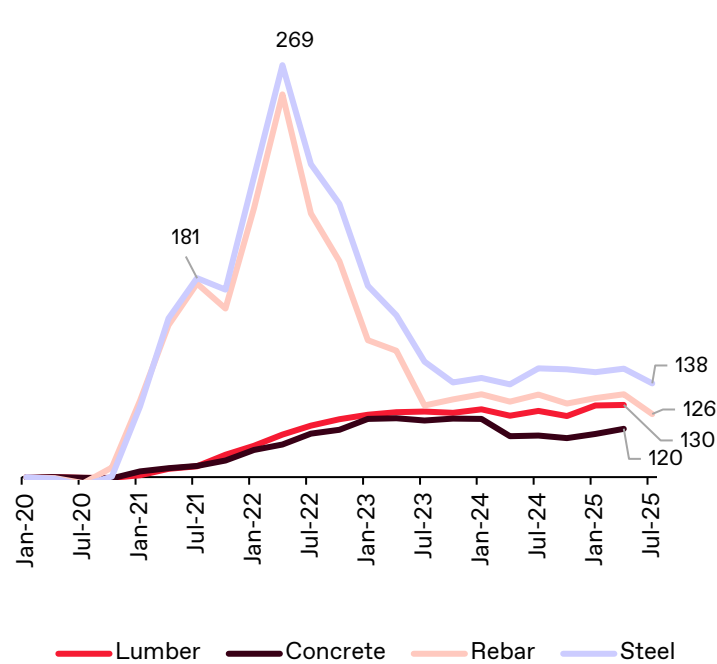
Sweden

Index Jan. 2020 = 100, latest observation Aug-/Sep-25



Denmark

Index Q1 2020 = 100, latest observation Q2/Q3 2025



05

Summary

Contracting markets in the period 2025–2027

Signs of stabilisation, growth from 2026

Comment

- The market is shifting from downturn to upturn. Building-start statistics now show a clear, positive trend.
- Production will fall by 4% this year, following an 11% drop in 2024. This is in line with estimates in our spring report.
- We expect moderate growth from 2026 onwards: +5% in 2026 and +4% in 2027. An upturn is expected in all three countries, particularly in the apartments and small houses segment. The infrastructure market is at a stable, strong level.
- Low construction activity in 2024–2025 is the result of interest-rate increases and high inflation in 2022 and 2023. It usually takes one to two years for such macroeconomic factors to impact activity levels.
- Interest rate cuts in Sweden and increased purchasing power in Norway are expected to boost activity levels from 2026 onwards. Approximately half the market decline is expected to be recovered by the end of 2026.

Production in the Scandinavian contracting markets

Percentage change since previous year, current prices

	2024	2025	2026	2027
Norway	-7% (-8%)	-8% (-7%)	7% (8%)	5%
Sweden	-14% (-15%)	-3% (2%)	7% (10%)	4%
Denmark	-11% (-9%)	-1% (-7%)	1% (9%)	3%
Scandinavia	-11% (-11%)	-4% (-4%)	5% (9%)	4%
Scandinavia, NOK billion	940	900	950	990

Spring 2025 forecasts in brackets.

06

Annex: Data centres in Norway

Data centres in Norway

Thus far account for a small proportion of the construction market

Comment

- As at September 2025, there were 74 registered data centres in Norway, spread across 49 operators.¹
- In 2024, the power consumption of data centres totalled approximately 2.1 TWh.²
- According to Statnett statistics on tie-ins, 26 data centres have reserved capacity expected to be utilised in the period 2026–2030. This reserved capacity totals 1,877 MW^{3, 4}.
- Experience shows that the average period between Statnett's reservation of capacity for a customer and the planned connection date is approximately 4.5 years.
- Anecdotal information indicates that the construction cost of these facilities will total between NOK 5 million and NOK 15 million per MW of capacity.
- Accordingly, total activity in the data-centre construction segment in the period 2026–2030 can be estimated at NOK 10 billion to NOK 30 billion, corresponding to approximately NOK 2 billion to NOK 6 billion per year⁴.
- If correct, this represents somewhere between 3% and 10% of total production in the commercial buildings sector, which has amounted to around NOK 60 billion annually in recent years.

→ The data centre industry represents a rapidly growing sector with high energy needs. Nevertheless, it currently only accounts for a small proportion of the total construction market, in which other factors continue to have a greater impact.

¹Norwegian Communications Authority, E24

²Norwegian Water Resources and Energy Directorate 'Status report on the power system 2025'

³Statnett 'Statistics on tie-ins' as at 6 October 2025

⁴ Six data centres with a total reserved capacity of 260 MW have been registered but provisionally have no planned tie-in date. This analysis assumes that these will be commissioned by 2030.

Production by sector

NOK billion, current prices

Forecasts for the period 2025-2027

