

Autumn Market 2026 update

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Kristoffer Eide Hoen | Head of Insight and Analysis

Anders Wettre | Senior Analyst

Amna Rasool | Analyst

Teodor Thorén | Analyst

Questions?

kristoffer.eide.hoen@veidekke.no

anders.wettre@veidekke.no

amna.rasool@veidekke.no

teodor.thoren@veidekke.se

Agenda

- 01 Introduction
- 02 Economic environment
- 03 The contracting markets
- 04 Construction costs

01

Introduction

About Veidekke's market report

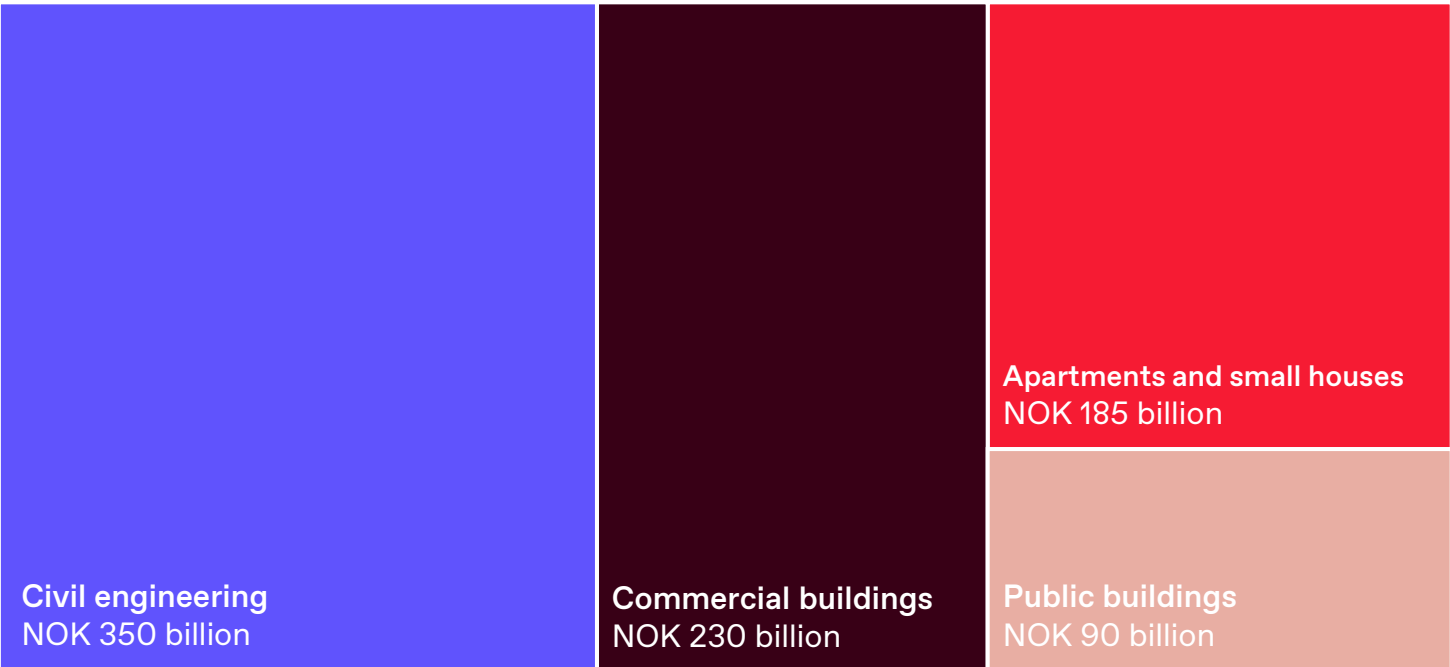
- Veidekke prepares figures for the Scandinavian markets based on statistics published by Statistics Norway, Statistics Sweden and Statistics Denmark. Other information sources include major construction clients like the Swedish Transport Administration and the Norwegian Public Roads Administration, as well as central and local government budgets.
- Macroeconomic forecasts are based on analyses by reputable 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. Data sources used for infrastructure forecasting include national accounts and publicly available information on planned 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.



Our focus: the Scandinavian contracting markets

The contracting markets in 2025

Production of buildings* and infrastructure in NOK billion

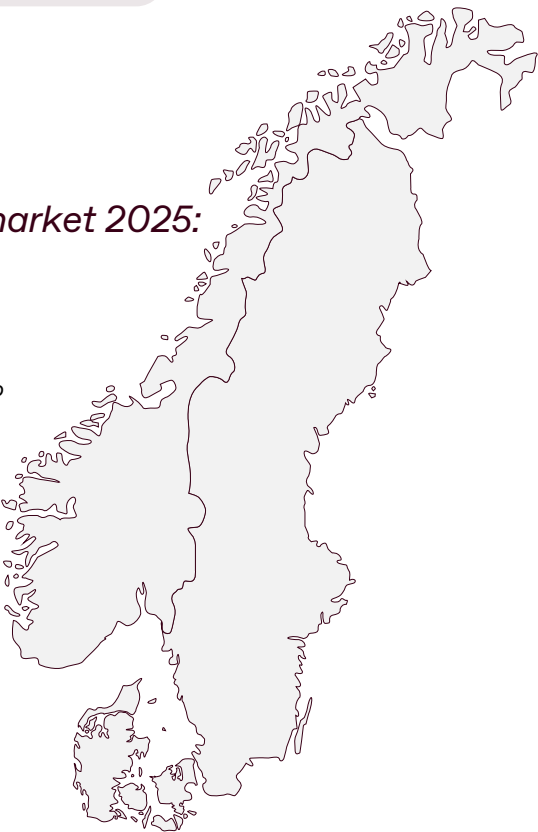


Not included:

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

Total Scandinavian market 2025:
~ NOK 860 billion

The forecast for the Scandinavian contracting markets in 2025 is approximately NOK 50 billion lower than in the previous report. This drop is primarily attributable to currency effects arising from conversion into Norwegian kroner, but also to the fact that Statistics Sweden has reduced its calculated market level for Sweden.



* 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.

Forecasts for the contracting markets

Strong growth in 2026 with more moderate growth in 2027–2028

Comment

- Growth will pick up in 2026 before slowing down. Following a 6% decline in 2025, production in the Scandinavian contracting markets is expected to rise by 7% in 2026 and 3% in 2027, measured at current prices. The production level is forecast to remain stable and virtually unchanged in 2028.
- The outlook for Scandinavia is stronger than in the spring report. The growth estimate has been raised from 6% to 7% for 2026, and from 1% to 3% for 2027. At the same time, the revised figures show a sharper decline in 2025 than previously estimated.
- Norway and Denmark are set to see stronger growth in 2026 than previously expected, with forecasts increasing to 7% and 6%, respectively, from 4% and 3% in the spring report. Growth projections for 2027 have been reduced to 3% and 2%, respectively.
- Sweden is predicted to achieve the highest growth in both forecast years. The growth estimate for 2026 has been cut slightly, from 10% to 9%, while the estimate for 2027 has been raised from -1% to +4%. A contraction of 1% is expected in 2028.

Production in the Scandinavian contracting markets

Percentage change since previous year, current prices

	2025	2026P	2027P	2028P
Norway	-7% (-8%)	7% (4%)	3% (4%)	0%
Sweden	-1% (-2%)	9% (10%)	4% (-1%)	-1%
Denmark	-10% (-6%)	6% (3%)	2% (3%)	0%
Scandinavia	-6% (-5%)	7% (6%)	3% (1%)	0%
Scandinavia, NOK billion	855	920	945	940

Spring 2026 forecasts in brackets.

02

Economic environment

Impact of war with Iran

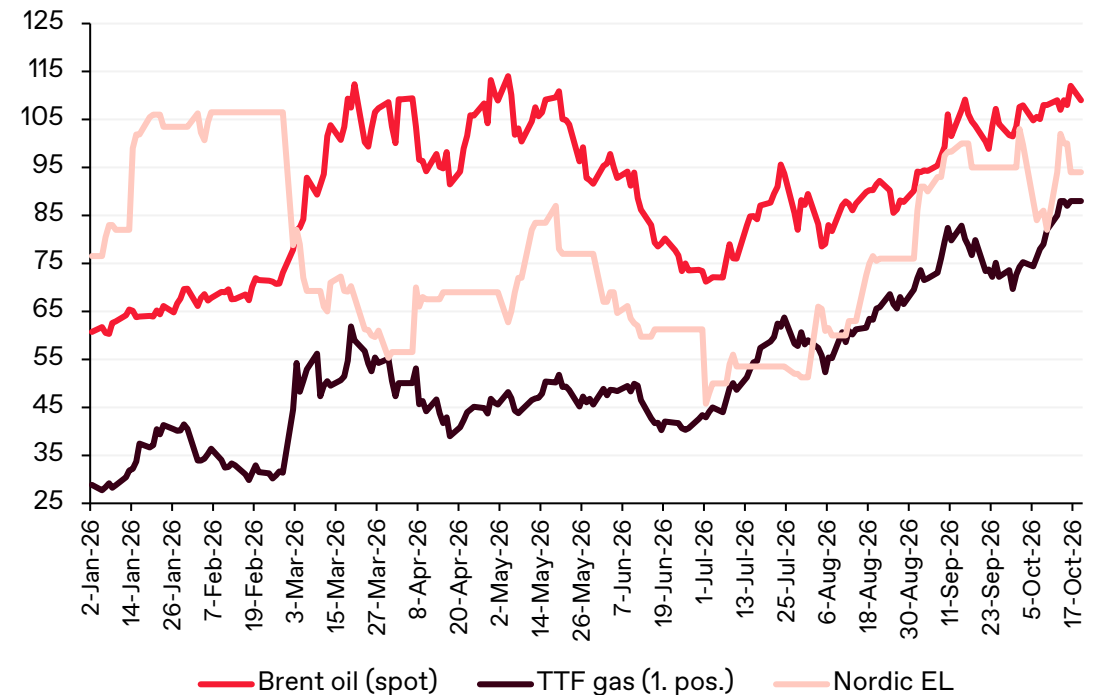
War and supply disruptions are keeping energy prices high

Comment

- Oil and gas prices remain high, and have been volatile. The oil price again rose above USD 100 per barrel in the past month, illustrating the ongoing market impact of the geopolitical risk premium.
- European gas prices are under pressure due to low stock levels and disruption of LNG deliveries from the Gulf region. These factors are driving up both costs for energy-intensive industries and electricity prices in Europe.
- In addition, higher energy and commodity prices are driving up the cost of construction materials such as insulation, plaster, plastic, bitumen, cement and bricks.
- Raised oil prices and turmoil in the refined-products market are pushing up fuel costs, which in turn may increase the cost of transport and construction work.

Oil, gas and Nordic electricity prices

USD and EUR, latest observation 19 October

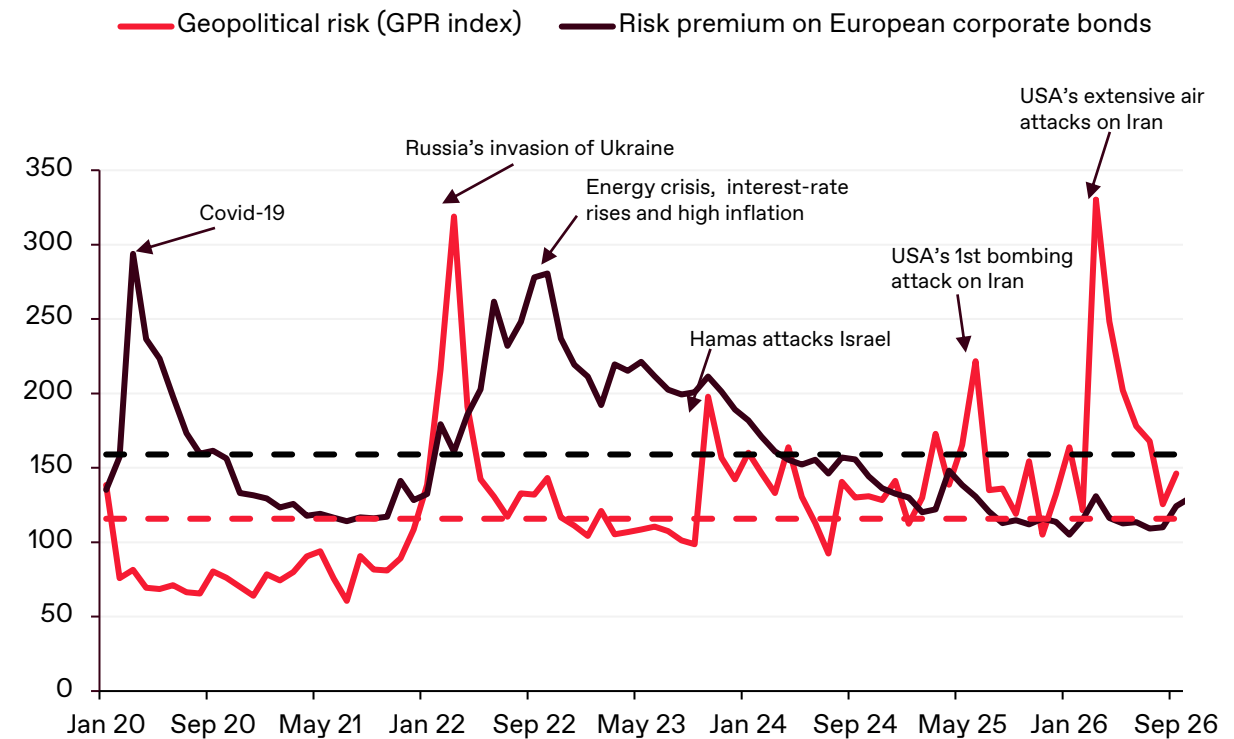


Geopolitical snapshot

Geopolitical unrest and risk premium on European corporate debt

Comment

- The geopolitical risk level has risen in 2026, particularly following escalation of the conflict between the USA and Iran.
- Risk premiums on European corporate bonds have risen recently, but still remain significantly below the levels seen during earlier periods of market turbulence.
- At the same time, concerns about public finances and high public indebtedness in several European countries may contribute to increased pressure on government bond yields and tighter financial conditions.



Economic growth

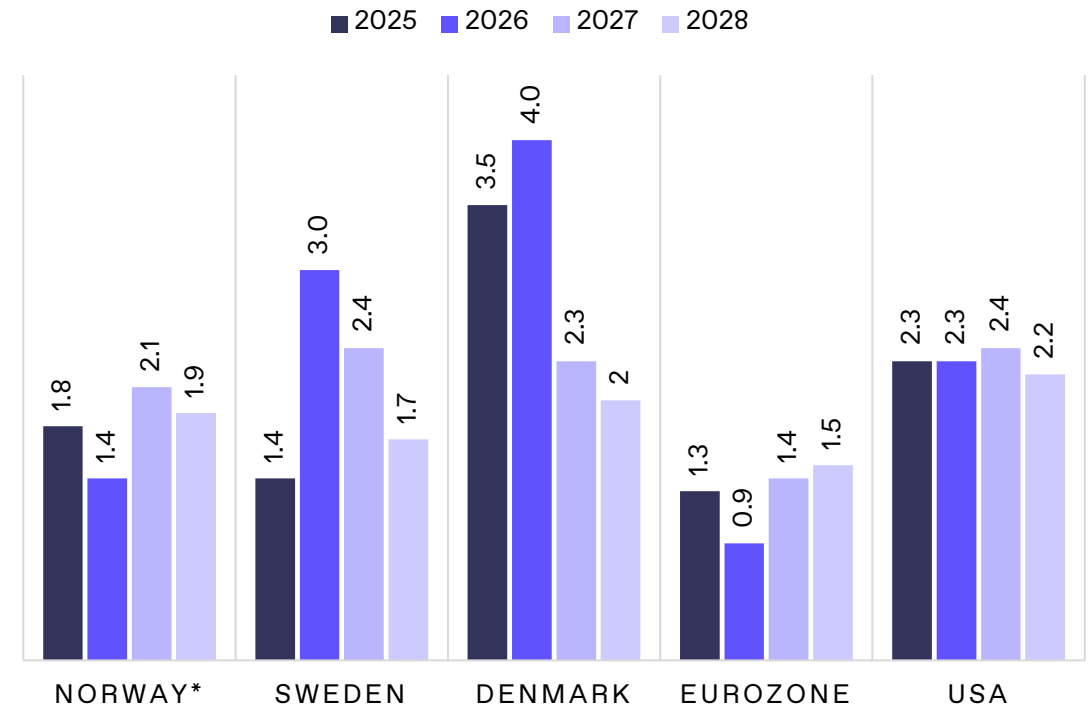
Improved growth outlook, but with major differences between countries

Comment

- Growth in the Norwegian economy is expected to be moderate in 2026. Improved purchasing power is supporting consumption, and growth is projected to pick up in 2027.
- Sweden is experiencing a more pronounced upturn, driven by stronger household consumption, investment and exports, although growth will slow somewhat as we head into 2027.
- Denmark stands out thanks to its very strong growth in 2026, largely driven by the pharmaceuticals industry. Growth is set to return to normal levels in 2027 and beyond.
- The eurozone is developing more weakly. High energy and gas prices are dampening economic activity, while household consumption and increased defence investment are providing some support.
- USA continues to enjoy robust growth, supported by strong consumption and extensive investment in AI and digital infrastructure.

GDP growth

Percentage change compared to previous year



* Mainland Norway

Household purchasing power and job security

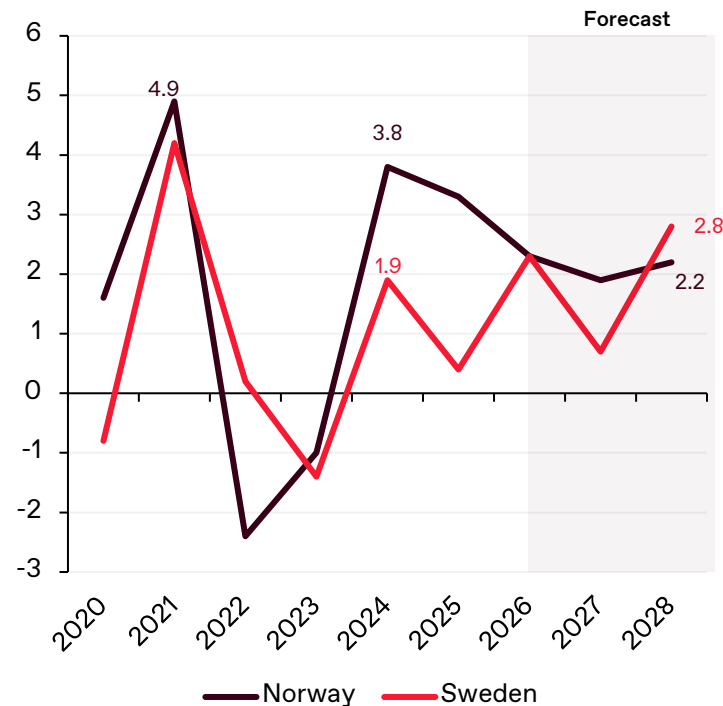
Improved household finances are bolstering demand

Comment

- Household purchasing power continues to improve in both Norway and Sweden, although growth in Norway will be more moderate than in recent years.
- The labour market is expected to improve gradually, with falling unemployment in Sweden and Denmark, while unemployment rates in Norway are forecast to remain more or less at current levels.
- Improved purchasing power and better labour market prospects may drive housing demand and activity in the refurbishment market.

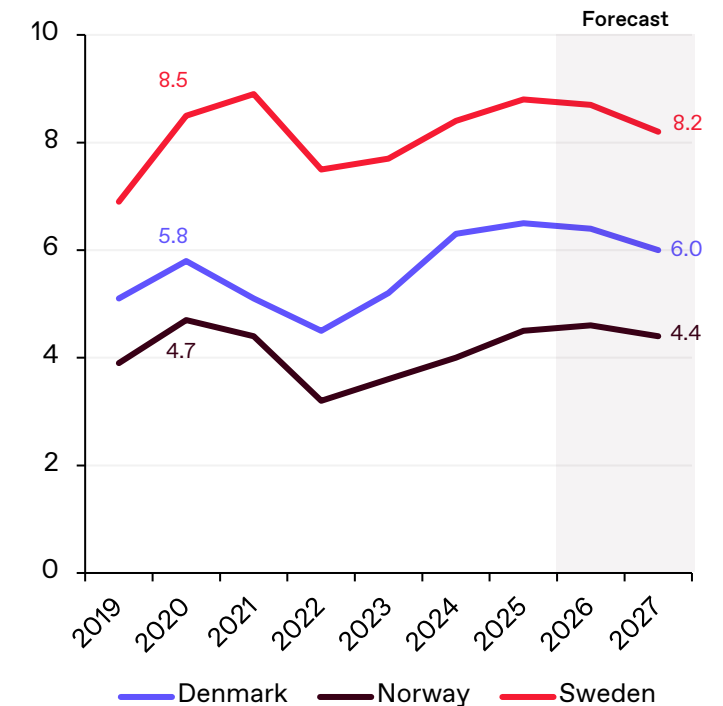
Household purchasing power is increasing...

Annual growth in real disposable income, households, %



...while the labour market is improving gradually

Unemployment, % of working persons aged 15–74

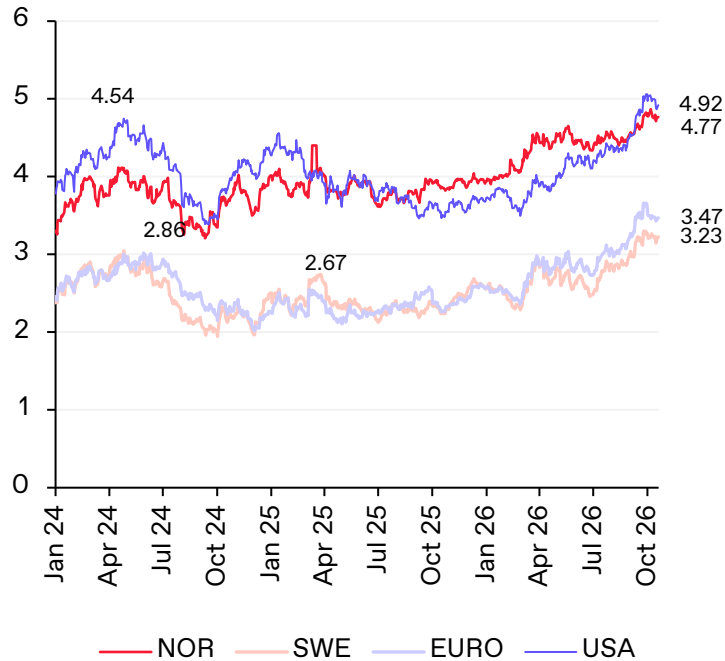


Inflation and interest rates

Rising interest rates

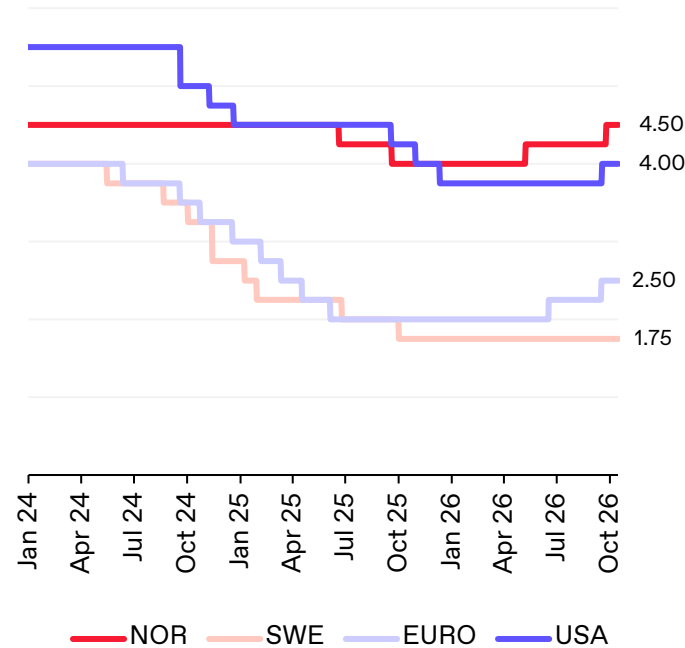
Market rates are on the up...

Five-year swap rates, %, latest observation 19 October



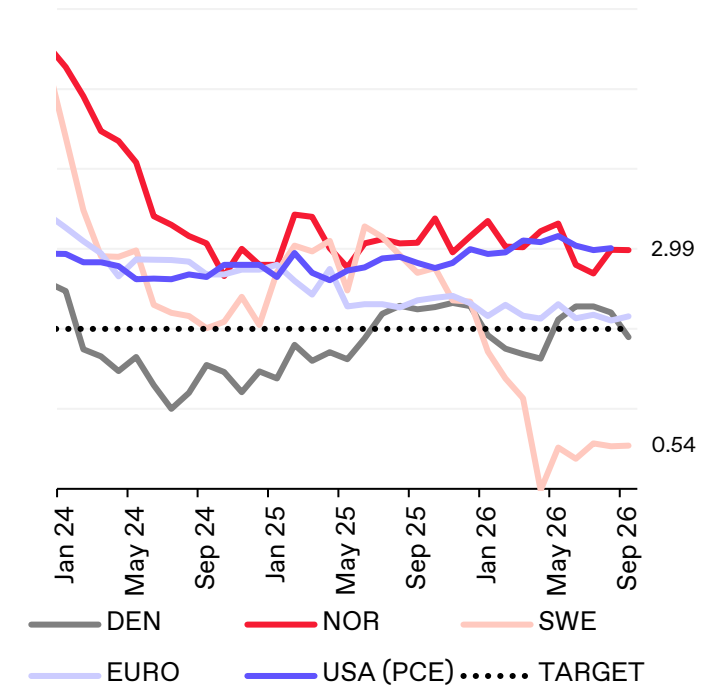
...while key policy rates also look set to rise

Key policy rates, %, latest observation 19 October



No increase in core inflation yet

Core inflation, latest observation Aug./Sep. 2026



Demographic developments

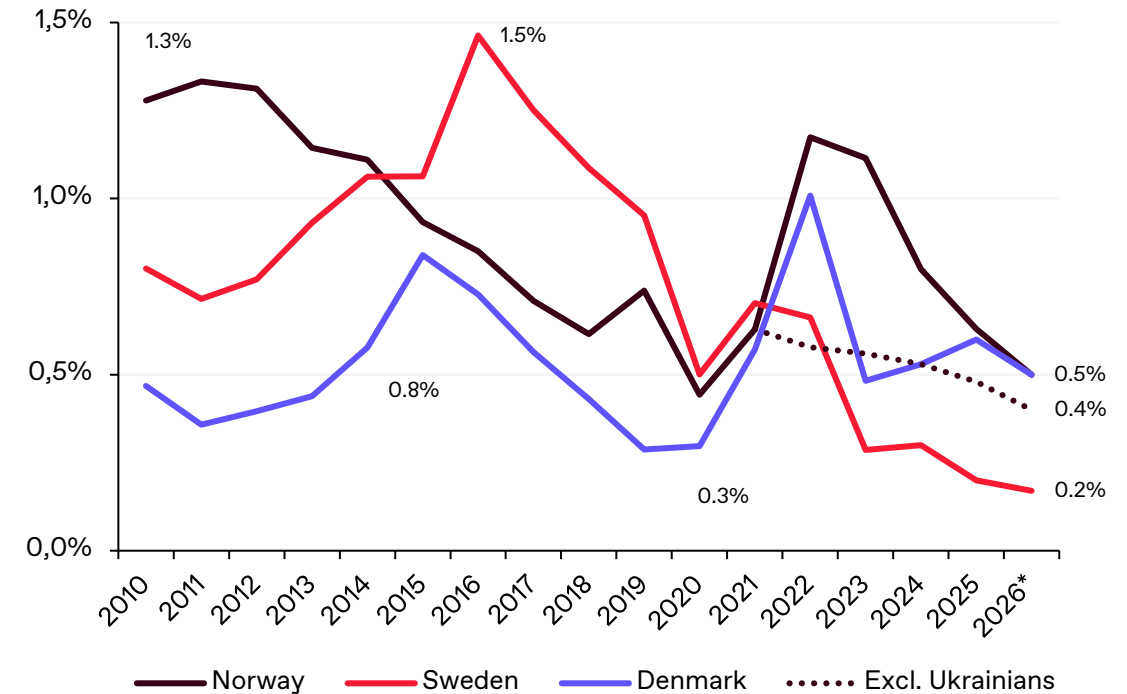
Declining population growth in Norway and Sweden

Comment

- Population growth remains low, particularly in Sweden. Norway and Denmark both have an annual growth rate of around 0.5%, while Sweden's is close to 0.2%.
- Lower birth rates and weaker net immigration are dampening long-term population growth.
- Lower birth rates may influence future municipal budgets and investment needs. In Sweden, the number of children of primary school age is expected to fall by around 7% in the period to 2030, while demand for health and care services is set to rise.

Population growth

Annual growth, %



* As at Q2 2026

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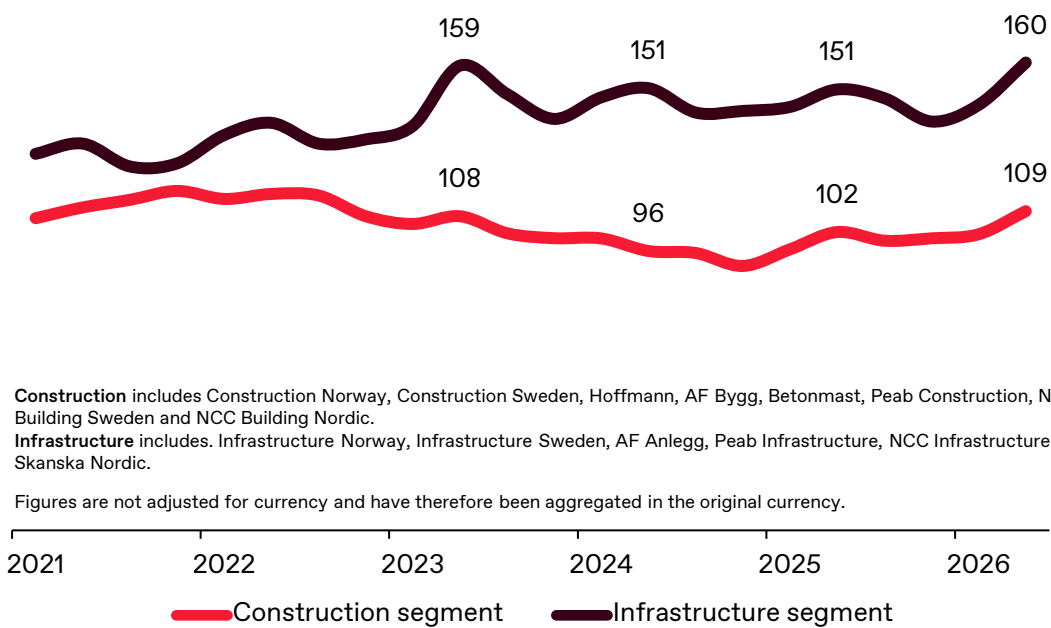
The contracting markets

Estimated order intake, construction operations

Higher intake of both construction and infrastructure orders

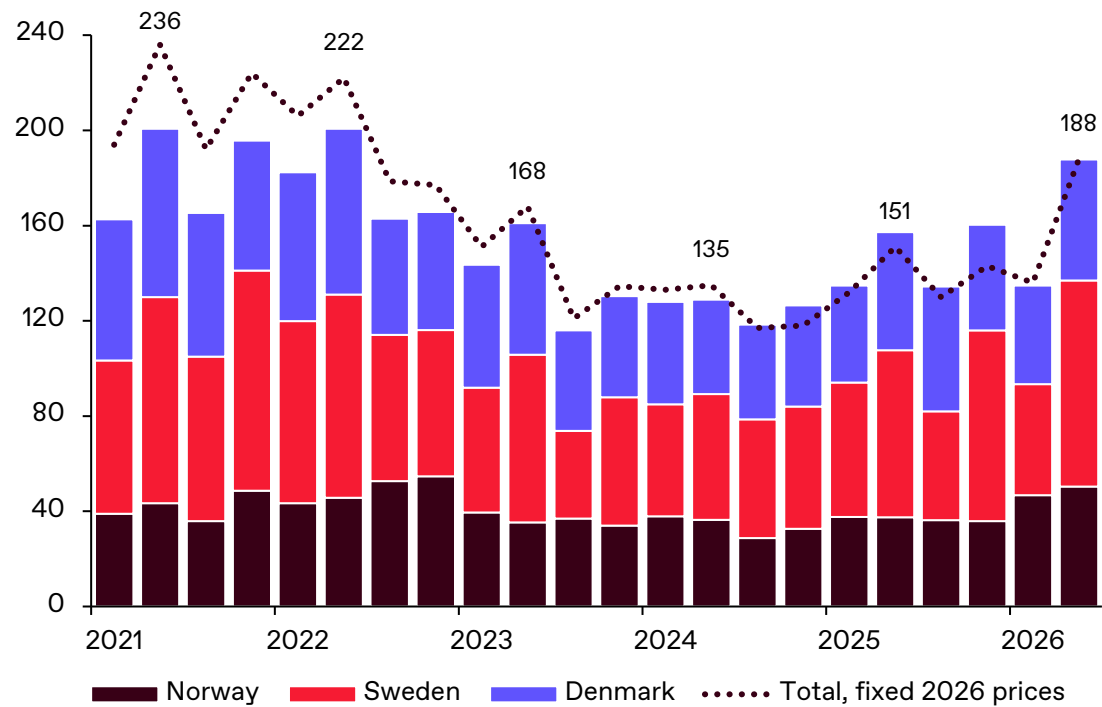
Order book, listed companies, Nordic operations

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



Estimated order intake, Scandinavian construction projects

NOK billion. Based on registered building permits

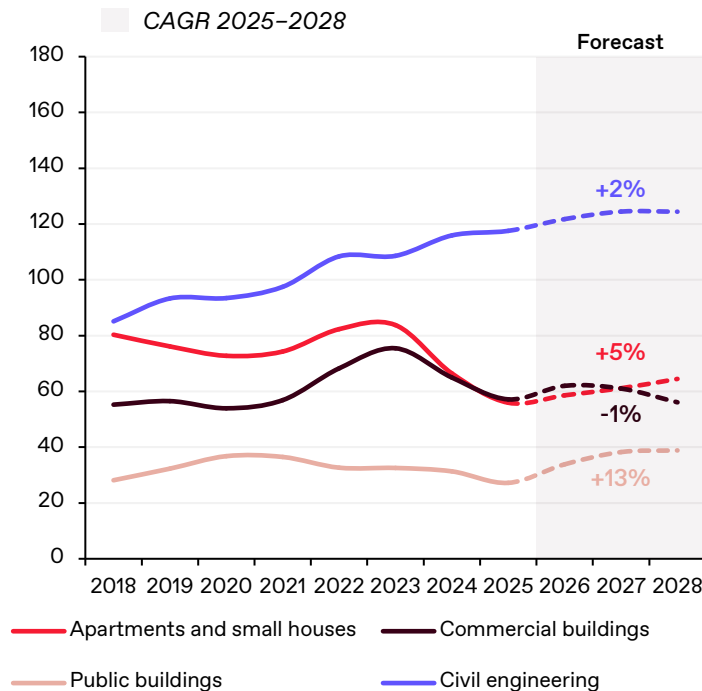


The Scandinavian contracting markets

Historical figures and forecasts, current prices

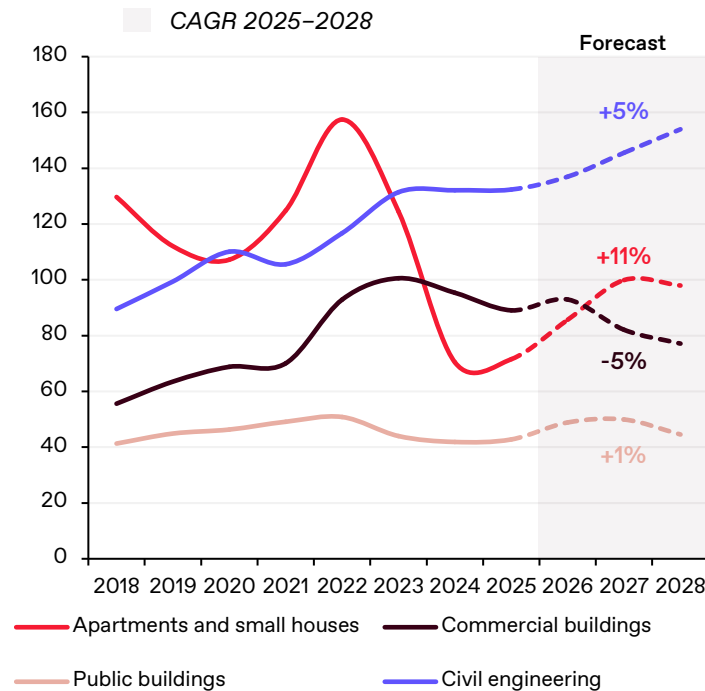
Norway, production by sector

NOK billion, current prices



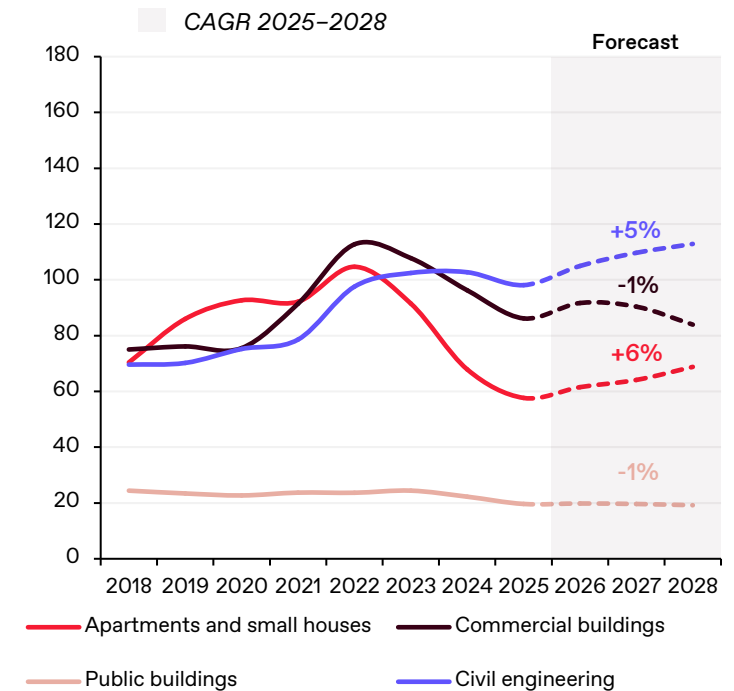
Sweden, production by sector

NOK billion, current prices



Denmark, production by sector

NOK billion, current prices

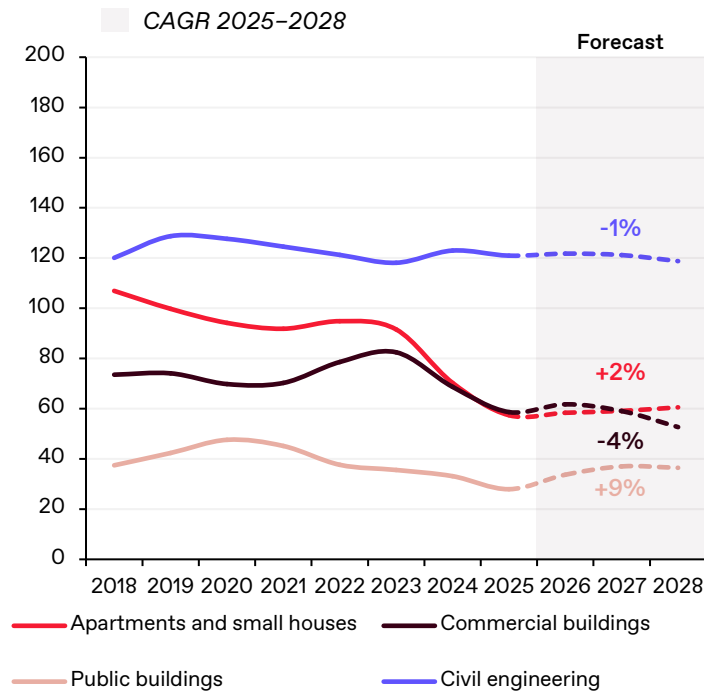


The Scandinavian contracting markets

Historical figures and forecasts, fixed prices

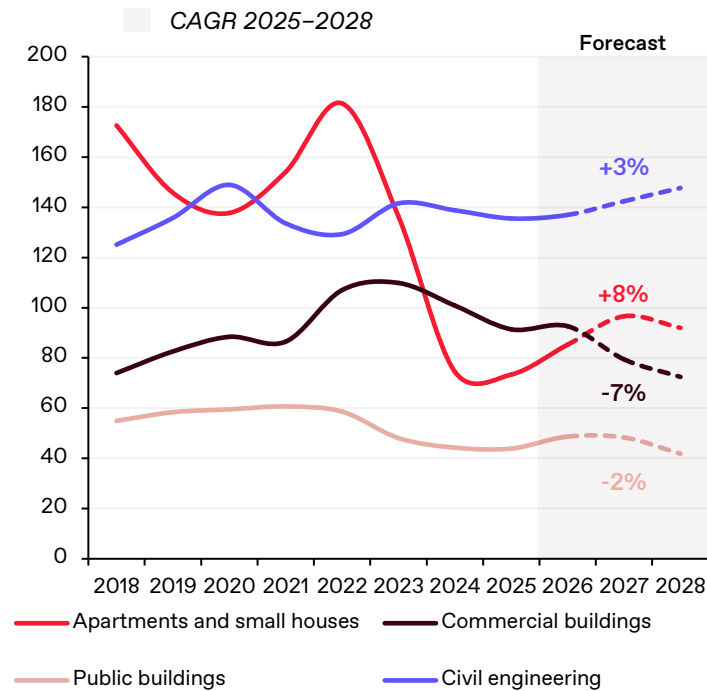
Norway, production by sector

NOK billion, fixed prices



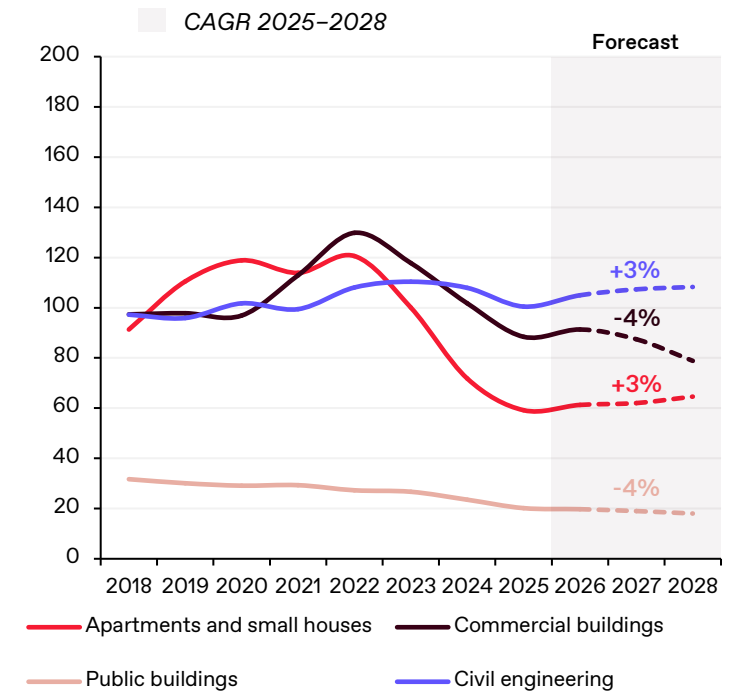
Sweden, production by sector

NOK billion, fixed prices



Denmark, production by sector

NOK billion, fixed prices

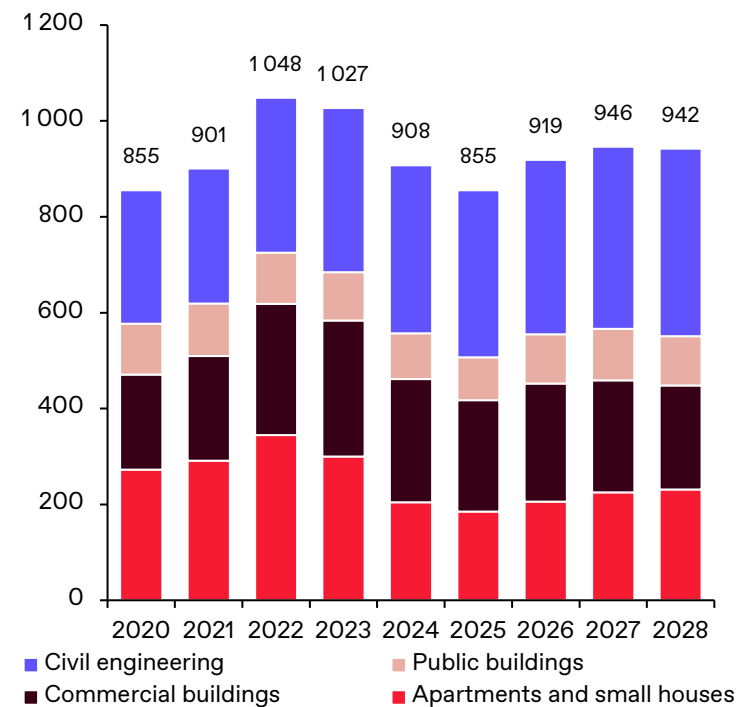


The Scandinavian contracting markets

Sector and country distribution

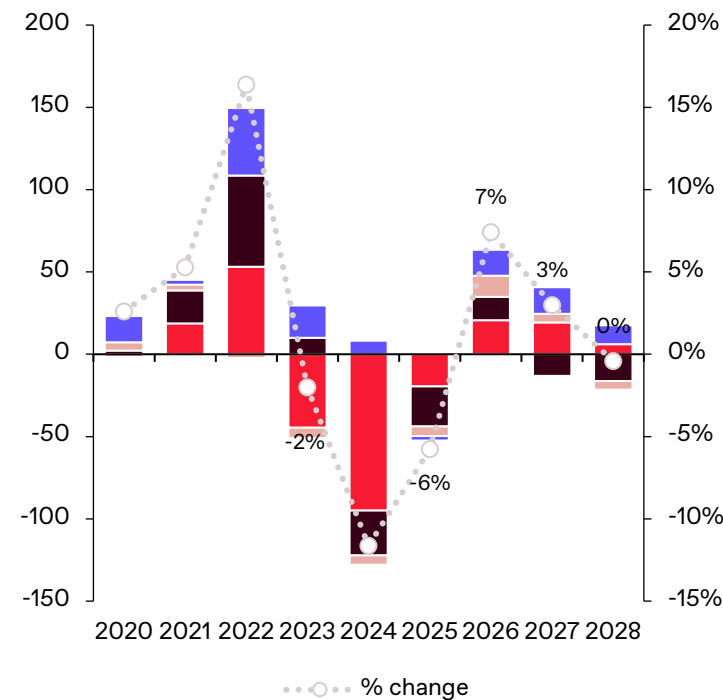
Sector distribution

NOK billion, forecast 2026–2028



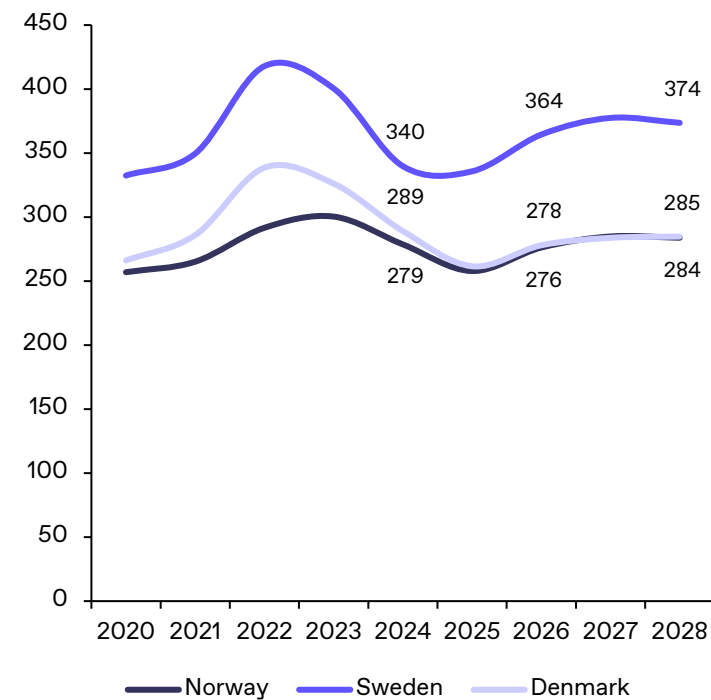
Year-on-year change by sector

NOK billion, forecast 2026–2028



Country distribution

NOK billion, forecast 2026–2028



The contracting markets

Construction

New residential unit sales in Norway

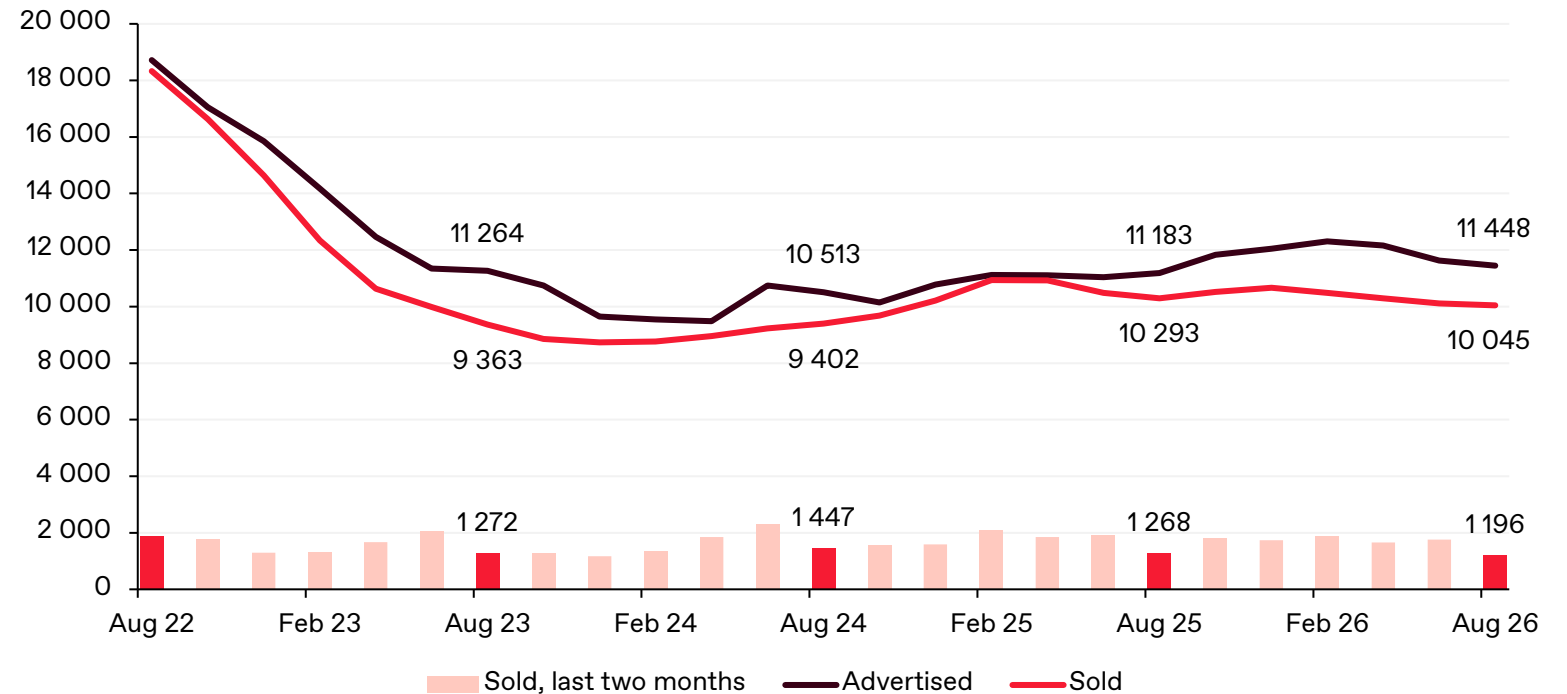
A temporary slowdown?

Comment

- In the 12 months to August 2026, approximately 10,000 apartments were sold, representing a slight decrease from the same period last year.
- Sales over the past year have been weaker than the number of apartments advertised for sale. The stock of unsold units has therefore increased slightly. However, the number of completed but unsold units has fallen over the past 12 months.
- We do not expect activity levels in the Norwegian market for new residential units to increase until interest rates come down, and we have moderate expectations regarding material growth in the next few years.

Ready-for-sale and sold apartments

Number of units, 12-month rolling total and last two months. latest observation August 2026



Apartments and small houses in Norway and Sweden

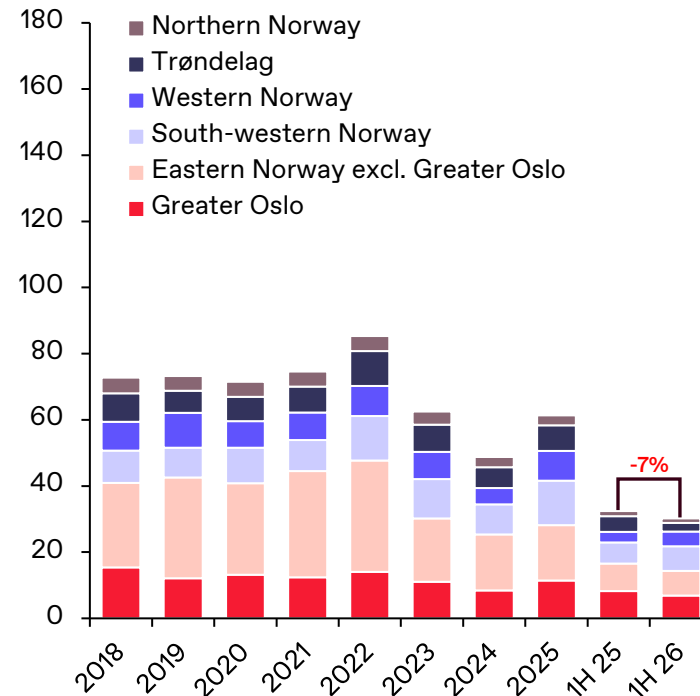
Decline in Norway, strong growth in Sweden in the first half of 2026

Comment

- The intake of orders for new apartments and small houses was up 26% in Norway and up 16% in Sweden in 2025, following weak years in both countries.
- In the first half of 2026, the order intake in Norway fell by 7% compared to the same period in 2025, to NOK 30.2 billion.
- In Norway, the order intake was up in the south-western and western regions. Greater Oslo and the rest of Eastern Norway saw a decline, while there was a particularly sharp fall in Trøndelag.
- In Sweden, the order intake grew by 39% in the first half of 2026, to NOK 61.1 billion. All the major metropolitan regions recorded growth, with Greater Stockholm making by far the greatest contribution.

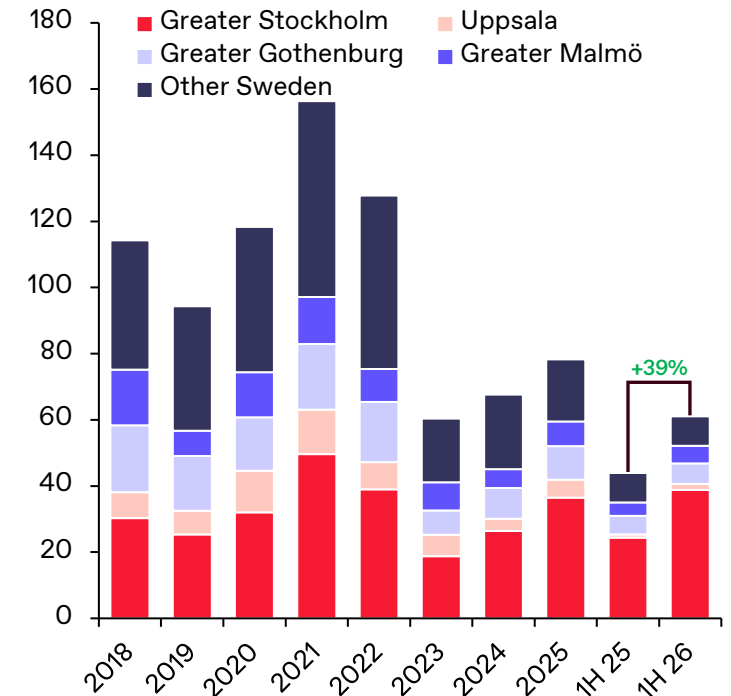
Norway, estimated order intake

NOK billion



Sweden, estimated order intake

NOK billion



Commercial buildings in Norway and Sweden

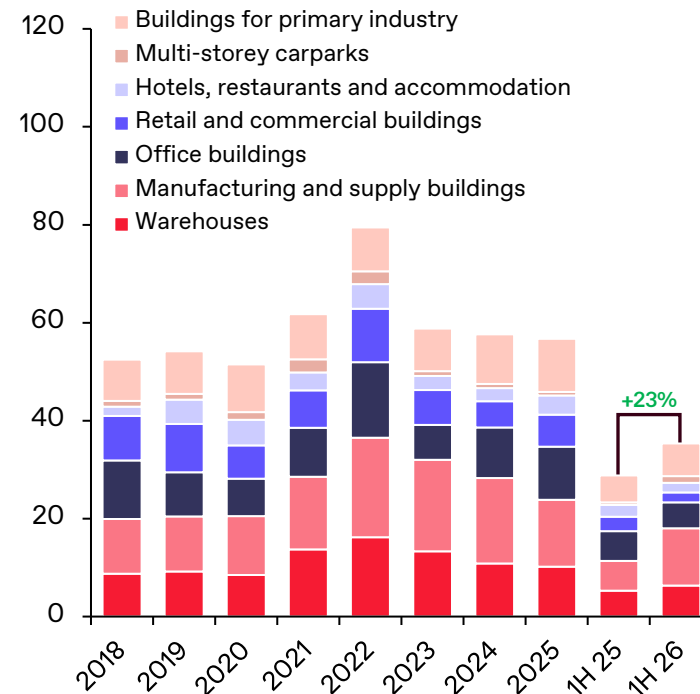
Growth in Norway, decline in Sweden in the first half of 2026

Comment

- In 2025, the intake of orders for commercial buildings shrank by 2% in Norway, but grew by 8% in Sweden. The first half of 2026 saw a reversal of this trend.
- In Norway, the order intake increased by 23% compared to the first half of 2025, to NOK 35.3 billion, with manufacturing and supply buildings accounting for the bulk of this growth. Demand for warehouses and buildings for primary industry also increased, while demand was down for offices and retail premises.
- In Sweden, the order intake was down 11% in the first half of 2026, falling to NOK 42.3 billion. Industrial and warehouse projects made a negative contribution, while other segments grew. The strongest growth was seen in the market for hotels, restaurants and accommodation.

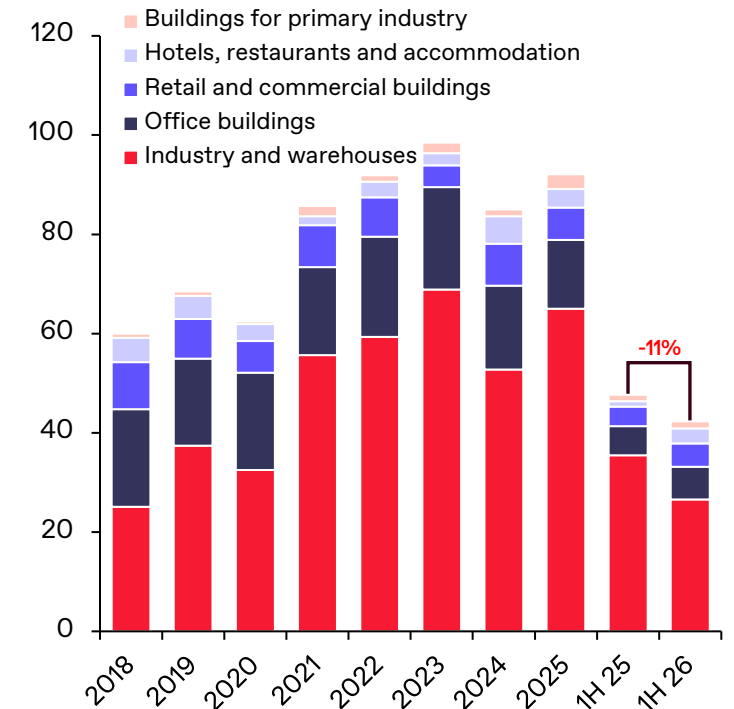
Norway, estimated order intake

NOK billion



Sweden, estimated order intake

NOK billion



Public buildings in Norway and Sweden

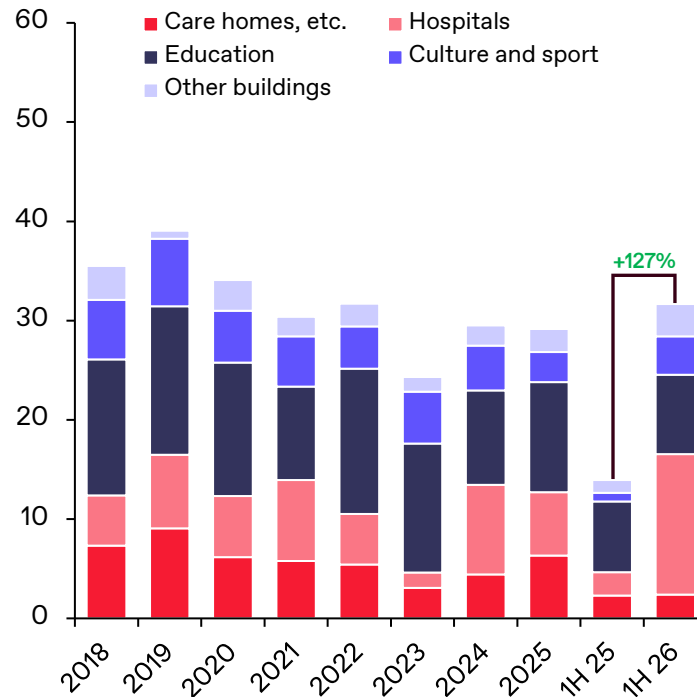
Hospitals contribute strongly in Norway, continued growth in Sweden

Comment

- In 2025, demand for public buildings remained stable in Norway, with a 1% decline. Sweden, on the other hand, saw 25% growth in the order intake.
- In the first half of 2026, the order intake in Norway was up 127% year-on-year, reaching NOK 31.7 billion. Hospitals accounted for around two-thirds of this growth.
- All other Norwegian segments also saw growth, with culture and sport making the second-largest contribution behind hospitals. Care homes recorded a modest increase.
- In Sweden, the order intake increased by 26% in the first half of 2026, to NOK 29.8 billion. All segments grew, with the largest contributions coming from hospitals and cultural and sports facilities.

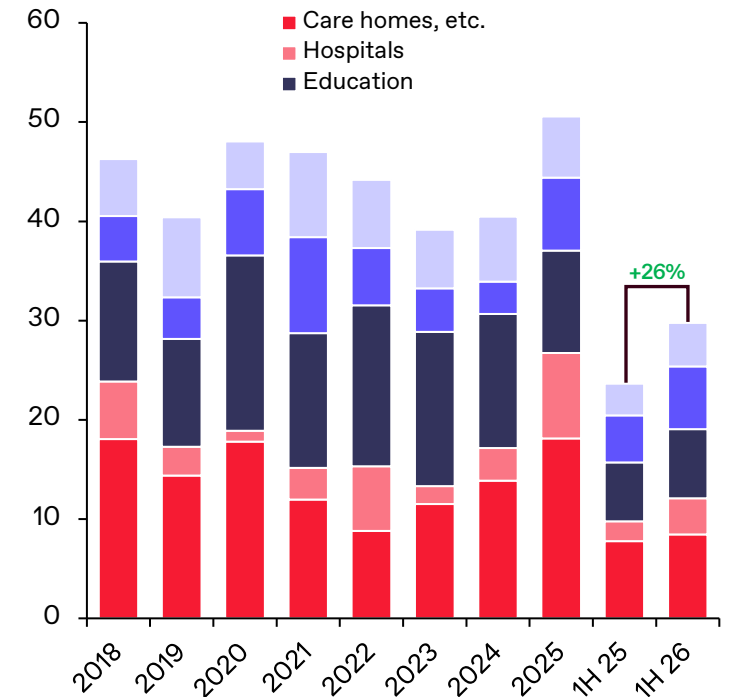
Norway, estimated order intake

NOK billion



Sweden, estimated order intake

NOK billion



Commercial buildings in Denmark

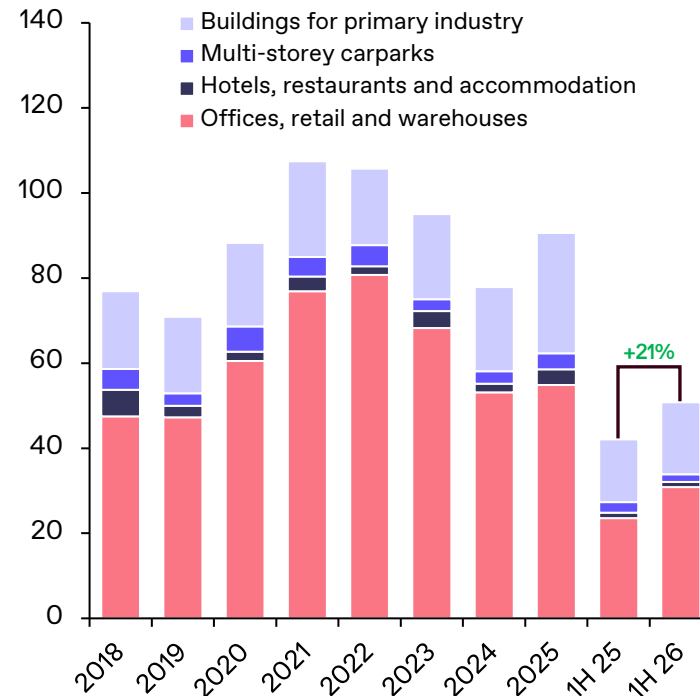
Continued growth, particularly in the commercial buildings segment

Comment

- In 2025, demand for commercial buildings increased by 16%, and for public buildings by 15%. Buildings for primary industry drove growth in the private sector, while education made the largest contribution in the public sector.
- In the first half of 2026, private-sector orders were up 21% compared to the same period in 2025, rising to NOK 50.8 billion. Office, retail and warehouse buildings accounted for the bulk of this growth. Demand for buildings for primary industry also increased.
- The public-sector order intake rose by 4% in the first half of 2026, to NOK 10.1 billion. Care homes and other buildings contributed most to this growth, while education and cultural and sports facilities saw a decline.

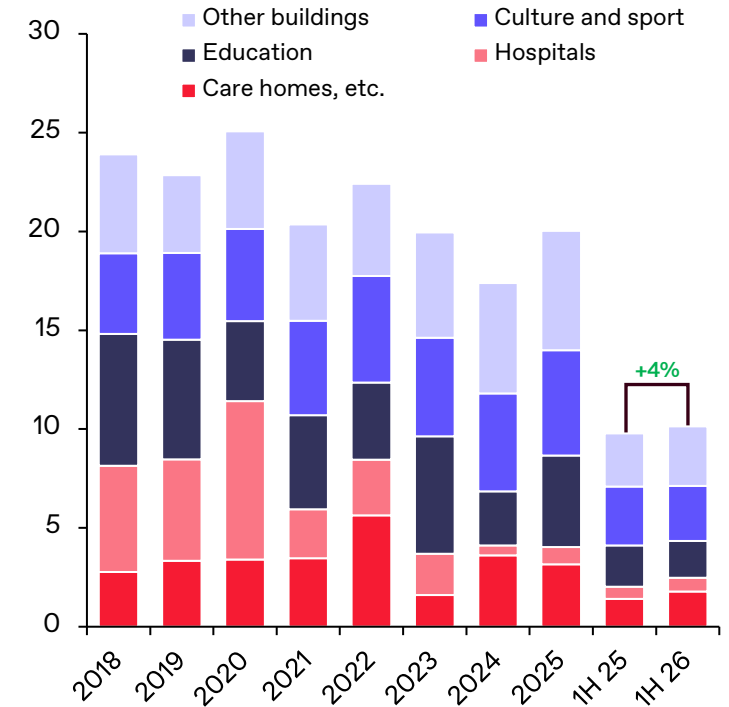
Commercial buildings

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

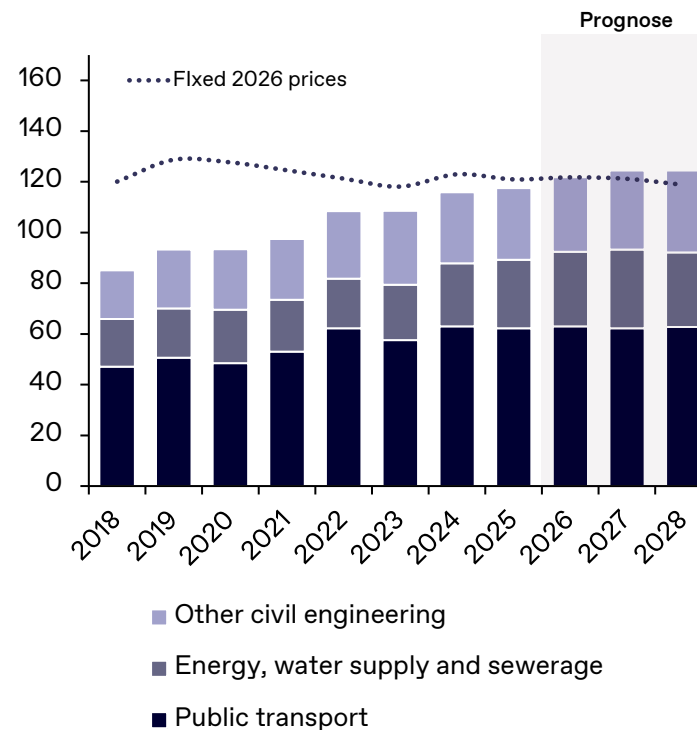
- Measured by value, the civil engineering market is forecast to grow by 4% in 2026 and 2% in 2027. Output is expected to remain unchanged in 2028. The public transport infrastructure market will maintain a high and stable level of production throughout the forecast period.
- The energy, water supply and sewerage sector is set to grow in 2027, with production declining in 2028.

Sweden

- The Swedish civil engineering market is expected to grow by 4% in 2026, 6% in 2027 and 6% in 2028, measured by value.
- Public transport infrastructure and energy, water supply and sewerage will account for the majority of growth in the period to 2028.
- Measured in fixed prices, production is expected to increase by 1% in 2026 and 4% annually in 2027 and 2028.

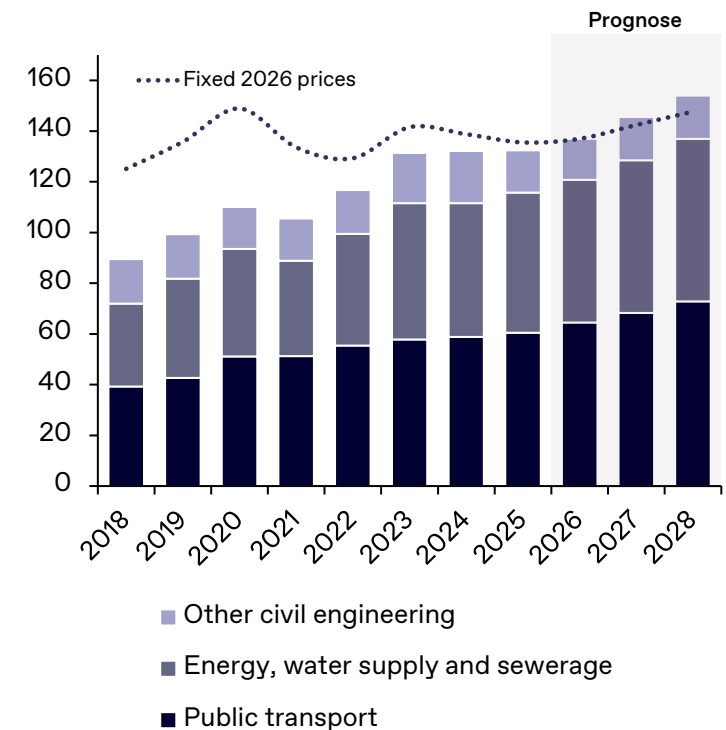
Norway, production

NOK billion, current prices



Sweden, production

NOK billion, current prices



Infrastructure

Public transport

Transport infrastructure in Norway

Continued high level of road construction, but decline in the railway market

Comment

Roads

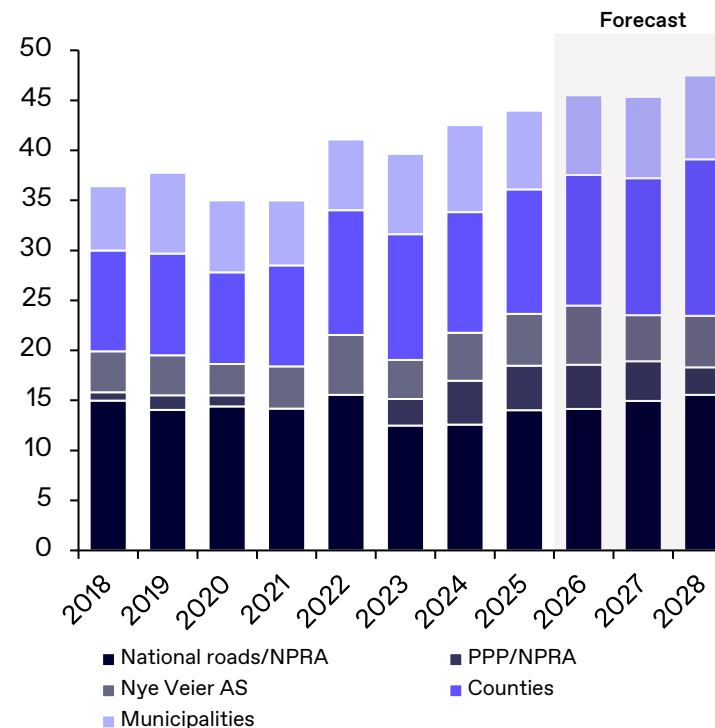
- Measured by value, the roads market is forecast to grow by 3% in 2026. This will be followed by stable growth in 2027 and 5% growth in 2028.
- County and national road projects will help sustain production levels throughout the forecast period.
- Nye Veier will reach its peak activity level in 2026, while production in PPP projects will decline in the period to 2028.

Railways

- The railways market is expected to shrink by 4% in 2026, 3% in 2027 and 10% in 2028, measured by value.
- Production within Bane NOR will decline throughout the forecast period.
- The Fornebu Line and other projects will also contribute to the decline, particularly in 2028. Overall railway production will therefore decline year-on-year in the run-up to 2028.

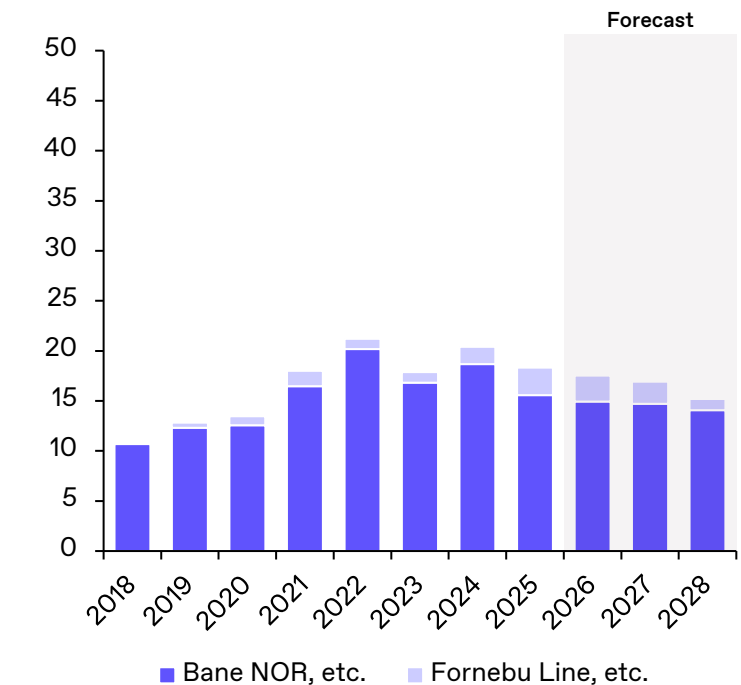
Roads market, production

NOK billion, current prices



Railways market, production

NOK billion, current prices



Transport infrastructure in Sweden

Strong growth in the railways market

Comment

Roads

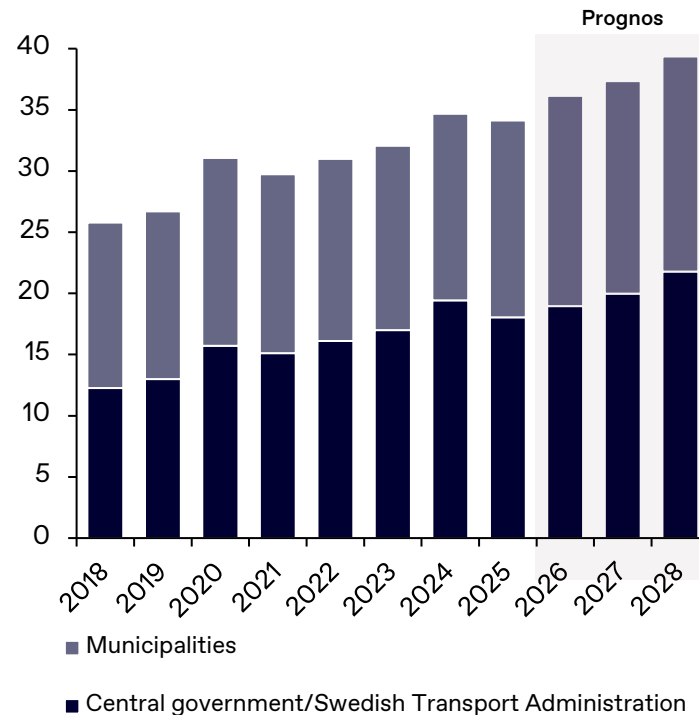
- The roads market is projected to grow by 6% in 2026 and 3% in 2027, measured at current prices. Additional growth of 5% is expected in 2028.
- The increase in forecasts since the previous report is attributable to high production levels so far in 2026 and the greenlighting of several major projects.
- Central government road projects account for most of the anticipated growth in the period to 2028. Municipal production will increase most in 2026, before growth slows.

Railways

- The railways market is expected to grow by 8% in 2026, 9% in 2027 and 8% in 2028.
- The Swedish Transport Administration accounts for most of this growth. Production linked to the Stockholm Metro expansion will slow in 2026 and 2027, while construction of a new tramline in Uppsala will make a positive contribution from 2028 onwards.

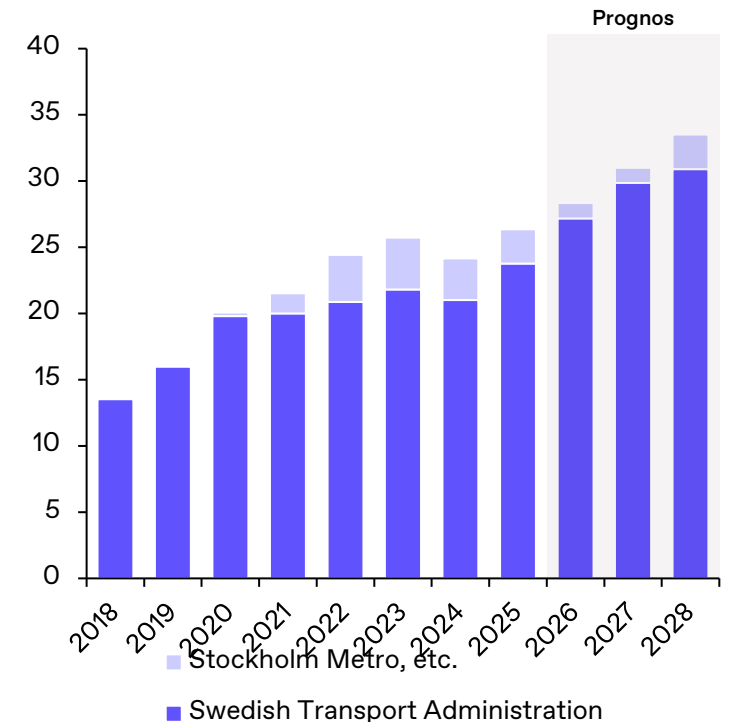
Roads market, production

NOK billion, current prices



Railways market, production

NOK billion, current prices



Infrastructure

Road maintenance

Road maintenance, Norway

Stable road maintenance market, weaker outlook for rail contractors

Comment

National roads

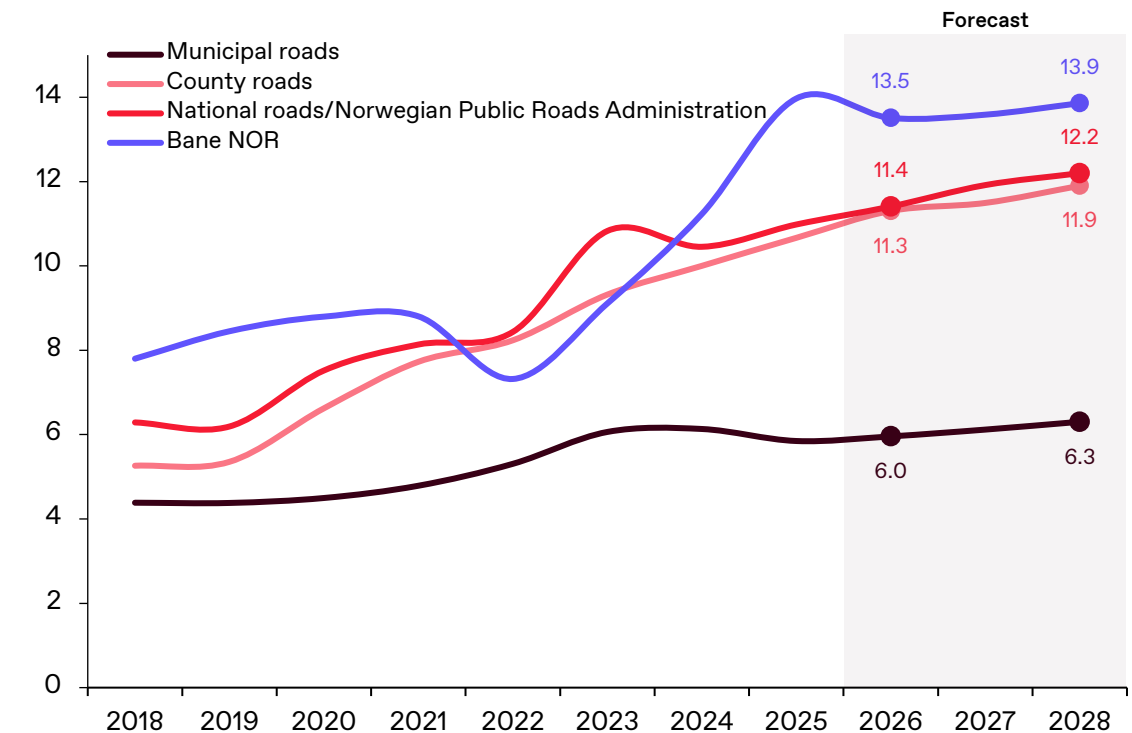
- The Norwegian Government has proposed investment of NOK 11.9 billion in road maintenance in 2027. This represents a nominal increase of around 4.5% compared to 2026, and a slight increase in real terms.
- Stable, high volumes provide good predictability for contractors, as a large proportion of contracts is put out to tender.

Railways

- The proposed NOK 13.6 billion allocation to railway operation, maintenance and renewal is roughly on a par with 2026. Following several years of increasing allocations, this represents a levelling off, and a slight decline after price adjustment.
- The decline is greatest in relation to renewal, which is usually put out to tender, whereas operation and maintenance – which Bane NOR mainly carries out itself – remain more stable. This may weaken the contracting market more than indicated by the trend in total allocations.

Road maintenance by clients and segment

NOK billion, current prices



Infrastructure

**Energy, water supply and
sewerage**

Norway: energy, water supply and sewerage

Strong growth in the energy sector, lower water supply and sewerage activity in the period to 2028

Comment

Energy

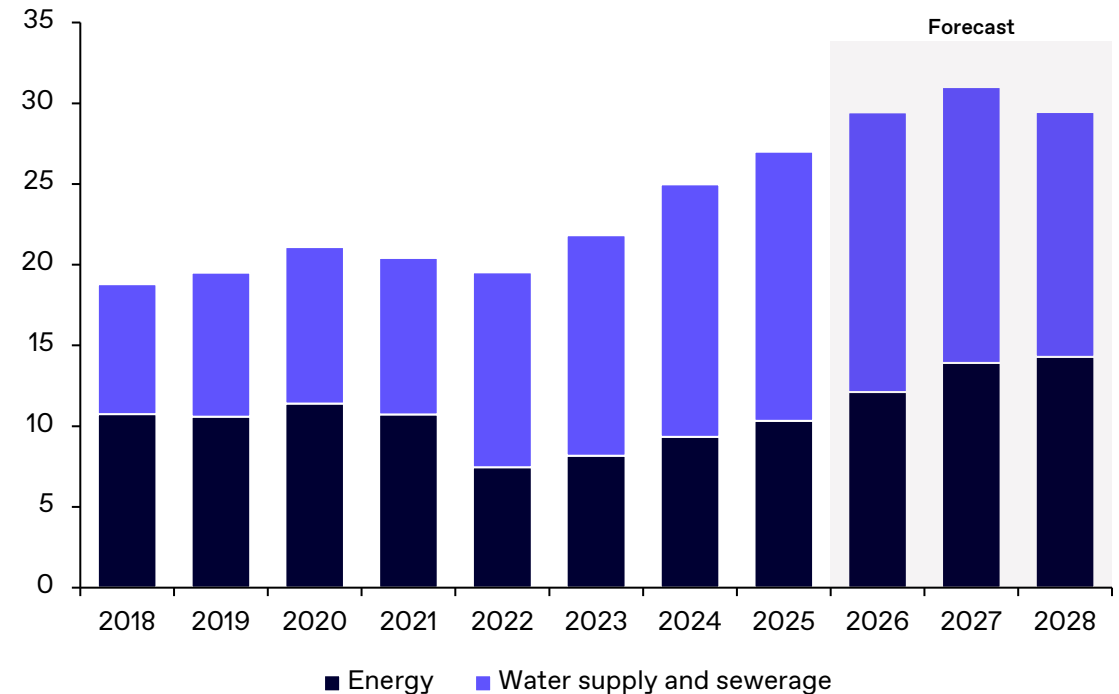
- The energy market is expected to grow by 17% in 2026 and 15% in 2027, measured at current prices. A further 3% growth is anticipated in 2028.
- Growth is being driven by high levels of investment in the electricity grid and substantial demand for grid connectivity. Activity levels will increase most in 2026 and 2027, with growth slowing in 2028.
- In the power generation segment, modernisation and pumping capacity will drive growth in 2026 and 2027, before activity levels fall in 2028 as more projects are completed.
- Wind power will make a minor contribution during the forecast period.

Water supply and sewerage

- The water supply and sewerage market is expected to grow by 4% in 2026, measured at current prices. This will be followed by a 1% decline in 2027 and an 11% drop in 2028.
- Oslo's new water supply system will be completed in 2028. At that point, the City of Oslo's water supply and sewerage investments will fall sharply, dragging down the entire segment.
- In the rest of Norway, growth will be moderate and driven by major wastewater treatment projects and stricter treatment requirements around the Oslo Fjord.

Production

NOK billion, current prices



Sweden: energy, water supply and sewerage

New production peak in 2028

Comment

Energy

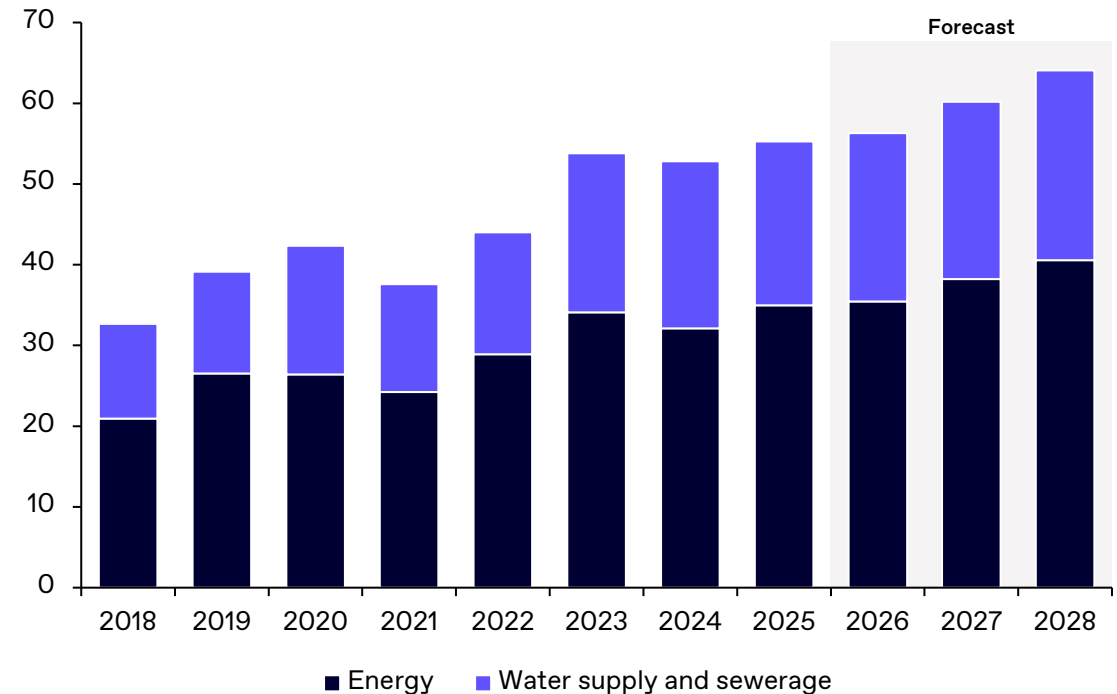
- The energy market is set to grow by 1% in 2026. Growth will then accelerate to 8% in 2027 before slowing to 6% in 2028.
- Svenska kraftnät is ramping up investment, but execution is behind schedule. We anticipate a moderate upturn in 2026 and stronger growth from 2027 onwards. Developments in the regional grid point in the same direction.
- A low number of new investment decisions is leading to slower development of wind power capacity.

Water supply and sewerage

- The forecast for the water supply and sewerage market points to gradually higher growth, rising from 3% in 2026 to 5% in 2027 and 7% in 2028.
- Municipalities' own water supply and sewerage investments have remained flat in volume terms so far in 2026, and future growth will be driven by municipal companies and municipal associations.
- Projects such as MAXIMA in Malmö, new wastewater treatment plants in Stockholm and Gothenburg, and a new water supply system at Norrvatten are expected to result in a new peak in development activity around 2028.

Production

NOK billion, current prices



04

Construction costs

Construction cost indices

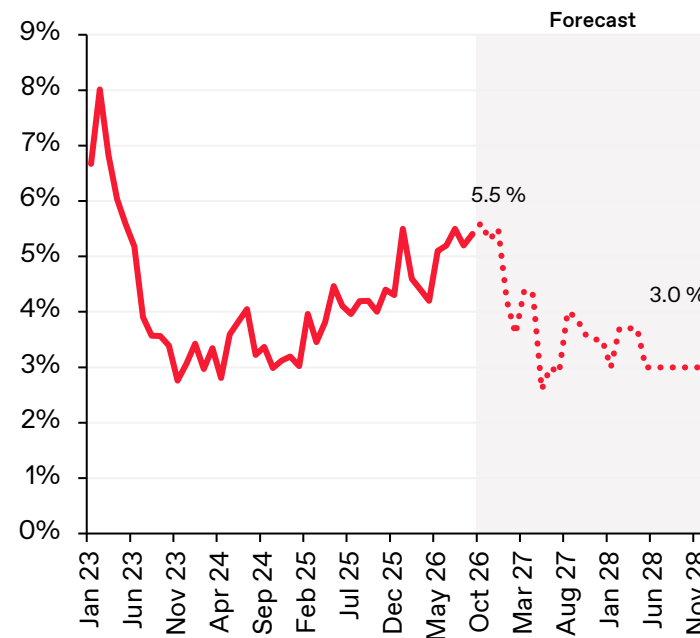
High wage growth is currently keeping construction costs high, but is expected to slow

Comment

- In September 2026, construction cost inflation stood at 5.4% in Norway and 3.7% in Sweden.
- High wage growth has been the primary driver of rising construction costs in recent years, alongside electricity prices. These levels are expected to persist going forward, and the full impact of September's tax increases will be reflected in the statistics for Q4, due in January 2027.
- In the period to 2028, lower wage growth, lower inflation and a stronger krone are expected to gradually curb cost growth in Norway.
- In Sweden, cost inflation is expected to rise slightly towards the spring of 2027, driven by a strong Swedish krona, before falling to a level similar to that in Norway.
- Material prices have been relatively stable, but are expected to rise slightly going forward as a result of higher energy and electricity prices.

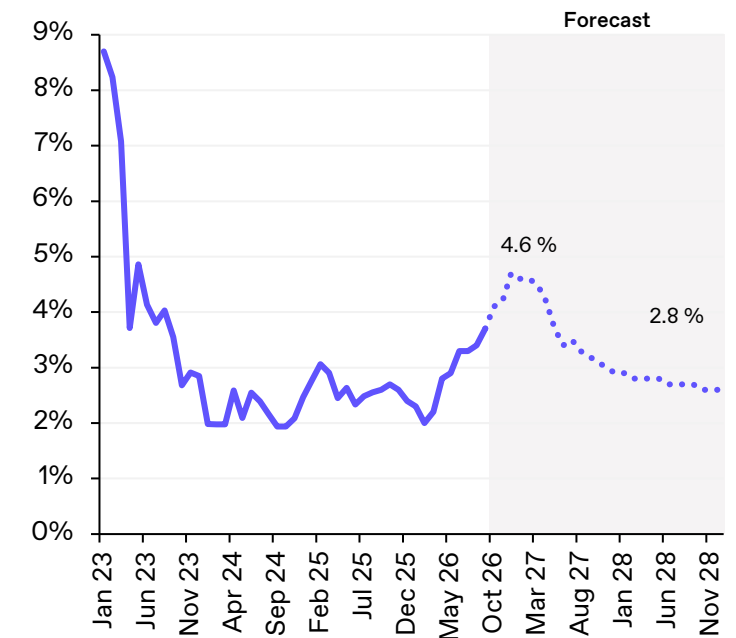
Construction cost index, residential blocks, Norway

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

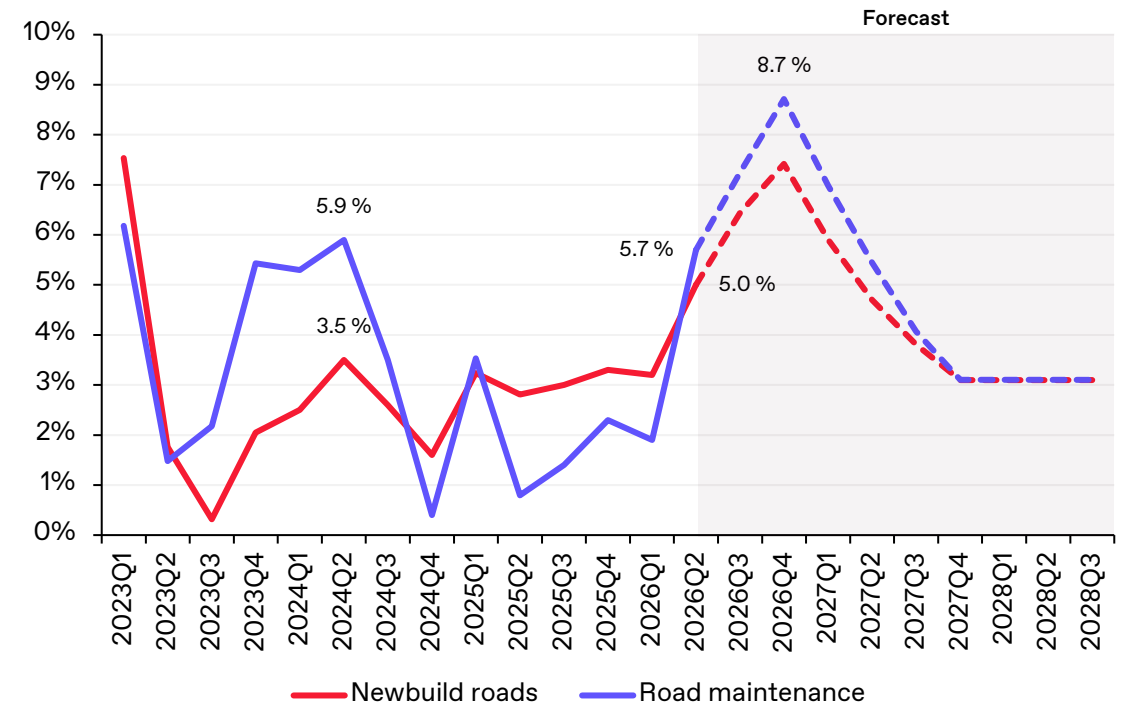
Higher energy prices will drive further cost growth before inflation tapers off

Comment

- In Q2, price inflation stood at 5.7% for road maintenance and 5.0% for newbuild projects. The sharp increase is largely attributable to energy price rises earlier this year (March 2026).
- The construction cost index for road construction is particularly sensitive to developments in energy and fuel prices, which contributes to greater volatility than in other construction segments.
- Given current energy-market trends, cost growth is expected to accelerate throughout the rest of 2026, peaking at around 9.0% in Q4 for road maintenance and 7.5% for newbuild road projects.
- In 2027, price inflation is expected to ease gradually in line with lower energy price inflation and more stable input costs, and to stabilise at around 3% towards the end of the year.

Construction cost index, roads

Percentage change compared to same month last year

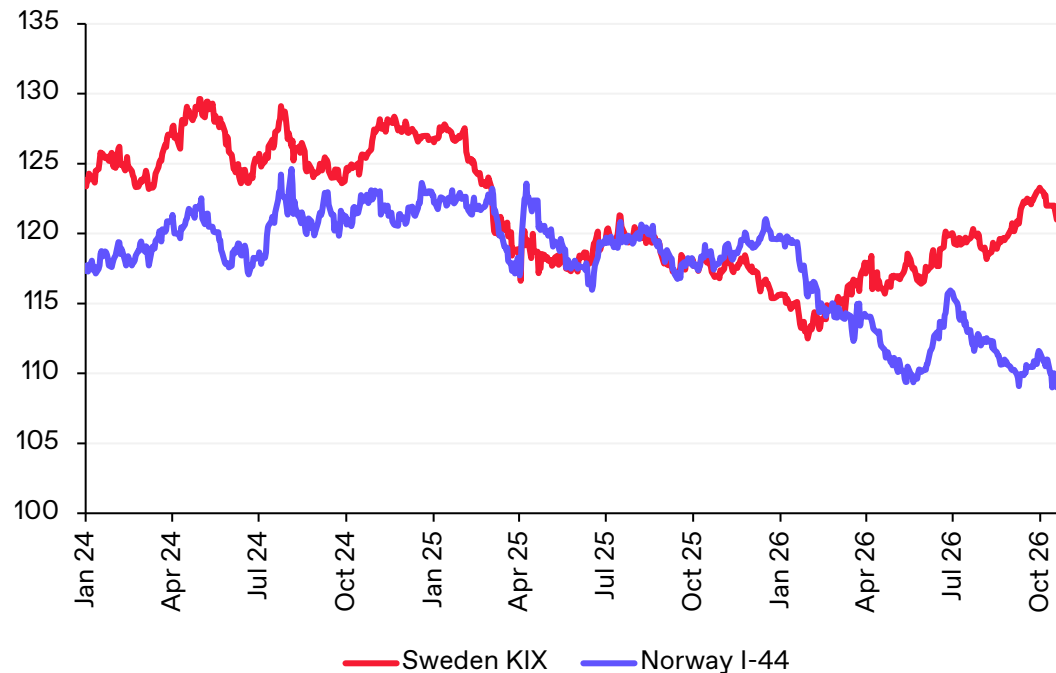


Key inflation drivers

Differing foreign exchange trends for Sweden and Norway, ongoing high energy prices

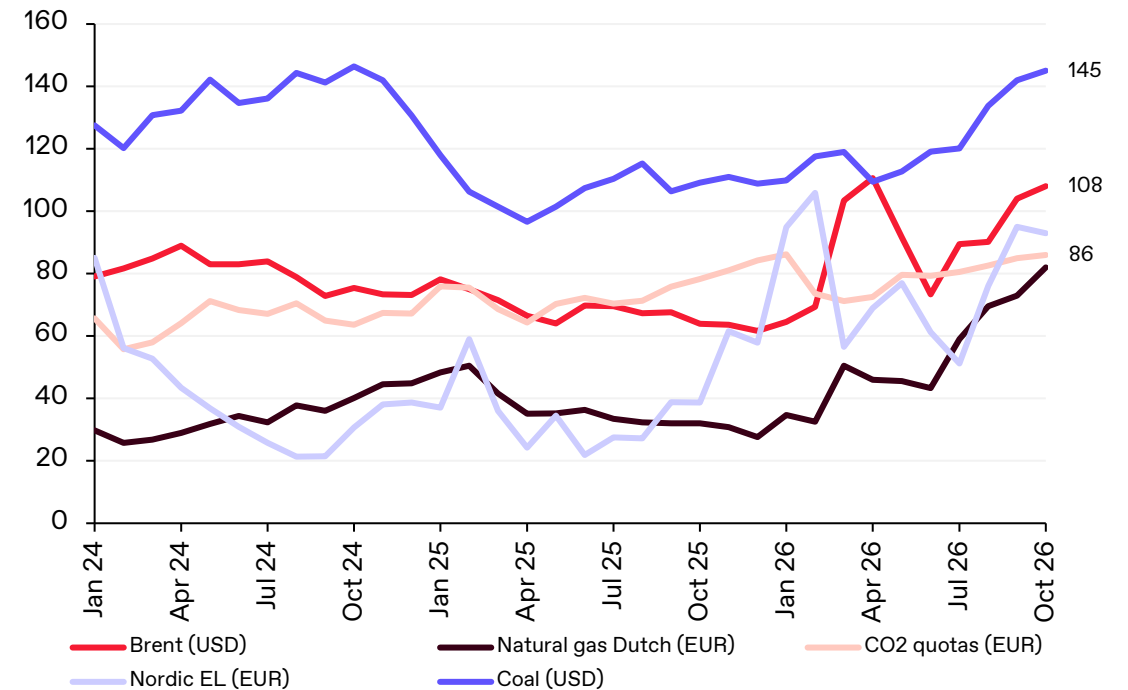
Foreign exchange (trade-weighted indices)

Latest observation 19 October



Energy and CO2 quota prices

Latest observation 19 October

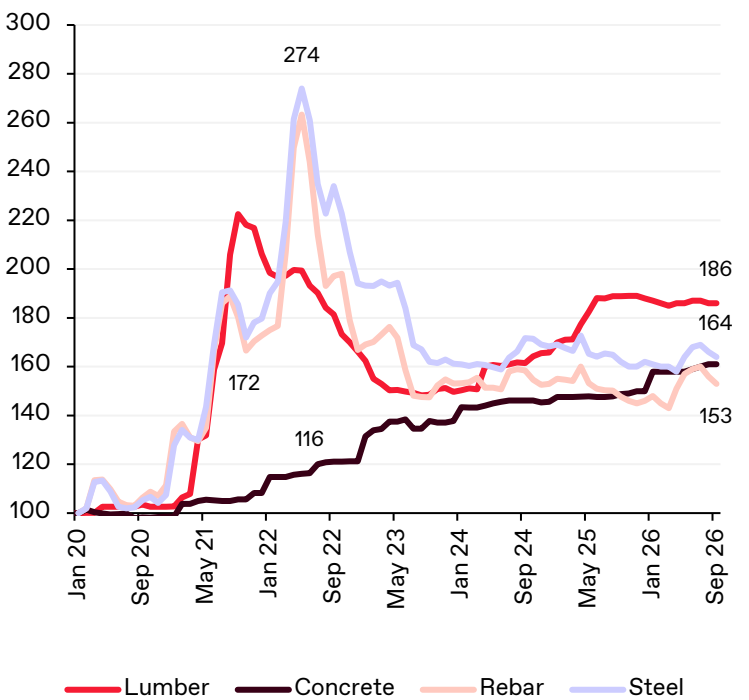


Construction cost indices by material

Planed timber, steel and concrete

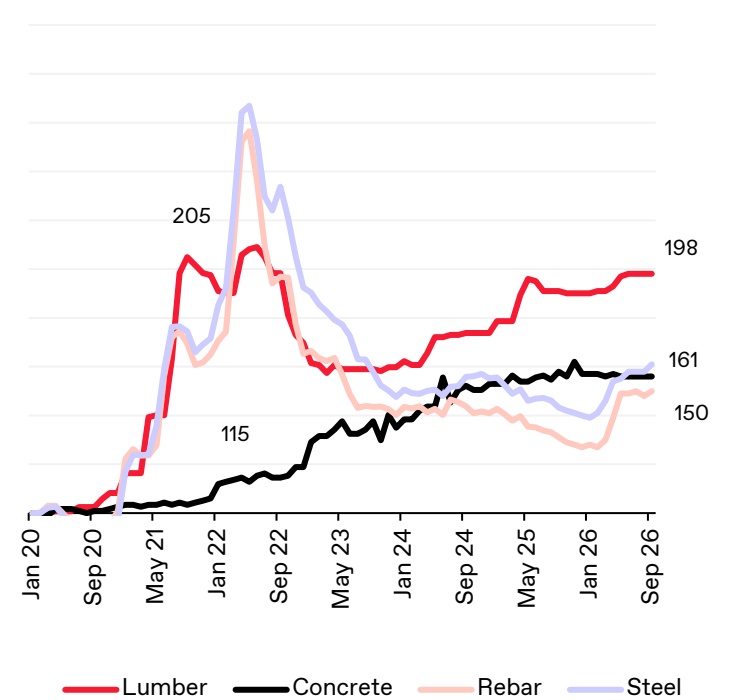
Norway

Index Jan. 2020 = 100, latest observation September 2026



Sweden

Index Jan. 2020 = 100, latest observation September 2026



Denmark

Index Q1 2020 = 100, latest observation Sep. 26/Q2. 2026

