



**Setting capitalisation rate
right:
Discussions and decisions of
Norwegian Expropriation Courts**

Håvard Steinsholt, Associate Professor,
Norwegian University of Life Sciences

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$$K = i / p$$

**1992: Cap rate (p) reflecting outcome of
the source or reinvestment ?**

Where to reinvest ?

**1986: Individualized or objective
perspective of reinvestment?**

2



$$K = i / p$$

1981/92:

**Inflation component
– the long term rate**

2008: Risk, capital binding, administration, tax

Clash of professionals' models

3



$$K = i / p = 20$$

1993; P. injury compensation (5%)

1994: 5 % linked to exprop. comp.

2008: House on rented land (5%)

2008:

**“only exceptional conditions could legitimate a
lower cap rate than the standard level of 5%”**

4



$$K = i / p$$

The Norwegian cap rate story:

**Getting from 5% to 5%
in a very expensive way**

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