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

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\[ K = \frac{i}{p} \]

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

Where to reinvest?

1986: Individualized or objective perspective of reinvestment?
\[ K = \frac{i}{p} \]

1981/92:
- Inflation component
  - the long term rate

2008: Risk, capital binding, administration, tax

Clash of professionals’ models

\[ K = \frac{i}{p} = 20 \]

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\%”
The Norwegian cap rate story:

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