

Sky Lagoon Waterfront District

International competition

Iceland's Next Iconic Waterfront Destination

Development Plan for the Kársnes Waterfront, Iceland



Competition Brief



SKY LAGOON
ICELAND

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1. Introduction

1.1 Overview

A decade ago, the team behind this competition, built Sky Lagoon on a stretch of reclaimed coastline on the western edge of Reykjavík. What they created — a geothermal bathing experience that draws on Icelandic light, landscape and the elemental quality of the North Atlantic — has since become one of the most celebrated wellness destinations in Europe, visited by people from across the world.



Sky Lagoon. Where the Sea Meets the Sky.

The land surrounding it is now ready to be built.

We are inviting the world's best teams to help us imagine what comes next. The site — approximately 55,000 m² on the tip of the Kársnes peninsula, with open sea on three sides and the capital's skyline to the east — is among the most singular pieces of undeveloped waterfront in any European city. A new bridge connecting Kársnes to central Reykjavík will open in 2028, placing this coastline within minutes of the city centre. What is built here will become a permanent part of Reykjavík's identity.

The landowners behind Sky Lagoon have worked closely with the Municipality for about a decade to enable the transformation of the area. In 2025, the Municipality adopted amendments to the Municipal Plan and a local Master Plan (Kársnes þróunarsvæði Rammahluti aðalskipulags) for the Western part of Kársnes. The previous planning framework allowed for industrial activities; the updated land use enables a mixed-use district with residential development, commercial uses, and leisure.

The competition asks for a Development Plan: a vision for a mixed-use waterfront district that stands alongside Sky Lagoon, protects its character, and creates something genuinely new — a neighbourhood that is unmistakably Icelandic, that rewards walking and exploration, and that people will travel to experience. The planning framework, updated in 2025, enables residential development, hospitality, commercial uses and leisure. The landowners are the developers. We intend to build what this competition produces, and we intend to do it with the team that wins.

The objective of the competition is to propose a Development Plan that defines the overall spatial structure, an integrated approach to land use and density, and a clear framework for the public realm and waterfront. Proposals must demonstrate a strong relationship to Sky Lagoon and respond to the unique Icelandic coastal setting—creating an attractive, walkable neighbourhood that supports everyday life as well as visitor-oriented activity.

The client is seeking not just a plan, but a long-term partner — a team with the ambition, the skill and the spatial intelligence to help shape one of the most significant pieces of new city in Iceland's history.

1.2 Contracting Authority

The developers and owners of Sky Lagoon are developing the area. The contracting authority (the Client) is Nature Experience ehf. The Client, as landowner, is initiating this competition to guide the future development of its land at Kársnes and to support the continued evolution of Sky Lagoon as a destination, alongside a new high-quality waterfront district.

The competition organizer and contact person for competitors is Halldór Eyjólfsson at Flétta Consulting ehf. All inquiries shall be directed to the organizer: **organizer@waterfront-competition.com**.

2. Organization of the Competition

2.1 Competition Structure

The competition is organized as a **two-step process**.

Step 1 – Expression of Interest

Open call for qualified teams.

Step 2 – Formal Design Competition

Up to five (5) selected teams develop a conceptual Development Plan proposal and long-term development vision for the Kársnes Waterfront area.

The competition is initiated by the private landowner.

The Client seeks highly ambitious teams with the capacity to combine strategic thinking, architectural quality, and landscape sensitivity to create a distinctive waterfront district of international quality.

2.2 Participation Requirements

Teams must demonstrate interdisciplinary capacity to address the scope of the competition, including urban structure, place making, public realm and waterfront strategy, landscape and ecological considerations, mobility principles, land use and density, and implementation/phasing.

The purpose of Step 1 is not only to assess qualifications, but also to identify teams with the vision, capability and collaborative fit to become the Client's long-term development partner.

Teams may include additional consultants as appropriate to the scale and ambition of the project. One entity shall be identified as the **Lead Consultant**, responsible for coordination and communication with the Client and the organizer.

All work and submissions shall be prepared in **English**.

Step 1 – Expression of Interest

The Step 1 submission shall be delivered as a single PDF file. Teams are free to choose the layout and graphic format they find most appropriate, as long as the total content does not exceed the ten (10) A4 page limit.

Submission requirements:

- **Team profile** (incl. Lead Consultant and key team members): participating entities, team structure, roles and responsibilities, and brief profiles highlighting relevant expertise and experience.
- **Selected reference projects:** up to two (2) relevant projects demonstrating comparable scale/complexity and the team's role.
- **Initial concept description:** a concise description of the team's initial idea and approach to the site and task (up to 1.000 words) accompanied by sketches/diagrams or other conceptual material.

This is not a design proposal, but an indication of vision, strategic ambition, and understanding of the task.

Based on the submissions, up to **five (5) teams** will be shortlisted for Step 2.

Step 2 – Formal Design Competition

The shortlisted teams will propose a **Development Plan proposal (conceptual Master Plan level)** for the Kársnes Waterfront area. Proposals should:

- define a clear and coherent spatial structure,
- integrate Sky Lagoon as a key destination,
- establish a realistic long-term development vision and strategy, and
- propose a distinctive waterfront district with a strong public realm framework, inspired by the character and atmosphere of traditional Nordic coastal towns.

The Step 2 period will include:

- a kick-off meeting with each shortlisted team and the jury,
- concept development,
- a mid-review with the jury (feedback dialogue), and
- further development and refinement.

Both the kick-off meeting and the mid-review will be conducted on equal terms for all teams. The format and time allocation will be confirmed in advance.

All shortlisted teams shall submit a final proposal. The jury will select one winning team.

Deliverables – Step 2

The submissions shall be delivered on four (4) A1 panels. The list below is indicative, detailed requirements are specified in **Section 6**.

- development Plan
- Key diagrams (e.g., land use, density, mobility principles, phasing)
- Relevant sections and spatial illustrations
- Public realm and waterfront strategy
- An explanatory text (up to 2,000 words) and visual material as needed
- A short presentation of the proposal to the jury after submission

The level of detail should correspond to a **Master Plan and Development Strategy**, not detailed architectural design.

2.3 Competition documents

Competition documents will be provided digitally (distribution method to be confirmed). The documents include:

- Competition brief
- Local Master Plan for Kársnes (Kársnes þróunaráætlun. **Rammahluti aðalskipulags**)
- Base plan with plots/building envelopes and contours (digital data)
- Georeferenced orthophoto aligned with the competition site base plan

2.4 Language

- Official language: **English**
- All submissions shall use the **metric system**

2.5 Key Dates

- Competition announcement: 8 March 2026
- Step 1 submission (Expressions of interest): 17 April 2026

- Shortlisting announcement: 27 April 2026
- Step 2 kick-off meeting with shortlisted teams: 11 May 2026
- Mid-review / briefing submission: 19 June 2026
- Step 2 final submission: 30 Sept. 2026
- Jury decision 16 Oct. 2026

2.6 Legal rights

The author of a proposal retains copyright, including moral rights and financial rights. Any fees, honoraria or prizes paid constitute remuneration for the work contribution and do not imply any transfer of copyright. The Client may use the submitted proposals for the purposes of the competition and for communication and documentation related to the project, with due credit to the author(s), in accordance with Icelandic Copyright Act No. 73/1972.

2.7 Jury

The Client has appointed the following jury members:

- Eythor Gudjonsson – Owner and developer of Sky Lagoon
- Gestur Thorisson – Owner and developer of Sky Lagoon
- Snorri Freyr Hilmarsson – Sky Lagoon representative and set designer
- Hulda Jónsdóttir – Architect at HJARK architecture
- Hrafnkell Proppé – Urban planner at Urbana

2.8 Prizes and post-competition

Authors of proposals shortlisted for Step 2 who submit a final proposal in accordance with the competition brief will each receive **USD 30,000** (excluding VAT) after the competition ends. In addition, the winning proposal will receive a further **USD 60,000** (excluding VAT).

The Client intends to appoint the winner as long term development partner, and to enter into contract with the winning team for continued work. Should an agreement not be reached, the Client may engage another party. Proposals may be used in part or entirely, always with full respect for the author's rights under the Copyright Act No. 73/1972.

3. The Development Area

3.1 Regional Context

Kársnes is a key development area in the Reykjavík Capital Area. Set on the waterfront with panoramic sea views, it forms part of the established adjacent urban fabric and lies within short reach of central Reykjavík and its major employment and service areas.

Sky Lagoon at the peninsula tip, view toward Reykjavík city center, a bridge will soon connect the areas.

A new high-capacity public transport system, Borgarlínan (BRT), is being developed as the backbone of mobility in the Reykjavík Capital Area. Kársnes is part of the first phase, together with the planned Fossvogur Bridge, named Alda, a cross-bay link intended for public transport, walking and cycling. This will significantly strengthen access to the Kársnes Peninsula, bringing central Reykjavík within a 3 km walking and around a 5-minute bus ride, while also improving walking and cycling connectivity across the city's coastline.





Alda bridge across Fossvogur, connecting Kársnes and central Reykjavík for public transport, walking and cycling. Visual by EFLA and BEAM.

Kársnes already functions as a destination. Sky Lagoon attracts a high volume of visitors year-round and is a major wellness attraction in Iceland. Improved public transport, walking, and cycling connections to central Reykjavík are expected to further increase access to the Kársnes Peninsula and reinforce the wider development potential of the area, supporting both local urban life and visitor-related activities.

3.2 The Site Context and Character

Kársnes is defined by its peninsula setting and extensive sea views across the bay towards Bessastaðir, Nauthólsvík, Öskjuhlíð and Mt. Esja, and on clear days, Snæfellsjökull in the distance. The western part of Kársnes has a strong coastal character, shaped by the harbour environment and a mix of marine-related activity and industrial and workshop premises. Kársnes has been extended through land reclamation, and the entire competition site is located on reclaimed land.

Much of the existing building stock within the wider area remains employment-related and varies in condition, with some sites and edges in need of upgrading. Kársnes Harbour currently functions as a small-boat and fishing harbour and remains an important element of the area's identity. In recent years, new housing has been added to the area and further residential development is underway. Sky Lagoon contributes to year-round activity and supports restaurants and services around the harbour.

3.3 Related Plans and Projects

A local Master Plan (Kársnes þróunaráætlun. Rammahluti aðalskipulags) for western Kársnes, dated 27 November 2025, is provided as background material. The competition site lies within Area C. The document is intended as a reference, not as a constraint on the scope or ambition of participants' proposals.

Coastal flooding is identified as a principal natural hazard for Kársnes. Protective coastal embankments have already been constructed along parts of the shoreline, particularly to protect reclaimed land and development areas. In addition, future development must respond to aviation-related constraints.

A major related infrastructure project is the Bridge Alda, a new cross-bay connection between Kársnes area and Reykjavík City Centre, intended for public transport, walking and cycling. The project is expected to be delivered in the coming years, with current project timelines indicating an opening in 2028.

4. The Client's Objectives

The Client, as landowner and developer, seeks to create a mixed-use waterfront neighbourhood and destination of international quality at Kársnes. The objectives build on the approach taken in the development of Sky Lagoon, where the ambition was to create a place rooted in Icelandic identity and the coastal landscape. The competition site is privately owned, and the Client intends to retain ownership and develop the area over the coming years.

Future development around Sky Lagoon should respect and reinforce this character, protect the lagoon experience, and contribute to a coherent and high-quality waterfront environment for both residents and visitors. A key objective is that new development strengthens Kársnes as a destination, supporting Sky Lagoon's continued evolution and allowing room for complementary visitor-oriented functions and potential new wellness-related offerings.

The overall objective is to create a mixed-use waterfront destination of international quality that:

- builds on the success of Sky Lagoon while supporting a broader and more resilient neighbourhood, and provides space for new attractions and complementary offerings that reinforce Kársnes as Iceland's most significant destination outside the city centre

- protects and enhances the Sky Lagoon experience, ensuring that surrounding development takes account of the lagoon's setting, atmosphere and practical requirements related to access, servicing and guest flows and views
- expresses a strong Icelandic identity through architecture, materials and public realm design — so that when visitors arrive, they know immediately that they are in Iceland; the character of the place should be unmistakably Nordic and coastal, rooted in local traditions and landscape
- combines residential life, visitor-oriented functions and public uses in a coherent waterfront environment
- delivers strong placemaking and place identity, creating memorable public spaces and a coherent waterfront character.
- creates a vibrant, walkable and human-scale neighbourhood with varied streetscapes, intimate courtyards and strong connections to the sea
- supports a vision for future flexibility by anticipating innovative technological development and evolving patterns of use, including mobility solutions that may reduce the space required for parking over time
- delivers a warm and inviting public realm, with sheltered and comfortable outdoor spaces suitable for year-round use. Proposals must demonstrate how spatial massing, street orientations, and landscape design will actively mitigate strong coastal winds to create comfortable, usable microclimates year-round
- ensures a mixed-use neighbourhood of human scale and character — dense yet intimate — where daylight reaches every home, streets feel warm and personal, and the atmosphere invites people to wander, pause, and stay. The neighbourhood should reward exploration, a visitor that arrives at Sky Lagoon want to explore the neighbourhood further, discover new spaces, unexpected views and places they did not anticipate. A special experience that should unfold gradually, with variety of surprises.
- integrates living green spaces as smaller, purposeful outdoor areas woven into the urban fabric, replacing larger underused green zones with a network of intimate and activated public spaces
- appeals to both residents and international visitors, supporting everyday life as well as destination-based activity

- considers the phasing of development thoughtfully, anticipating how mobility needs and parking requirements may evolve as Borgarlínan (BRT) becomes operational and as autonomous and shared transport patterns change over the coming decade. The phasing strategy must address the protection of Sky Lagoon guest experience throughout the construction period. Proposals should demonstrate how construction sequencing, site access, noise and visual screening can be managed, ensuring that Sky Lagoon continues to function as premium destination from day one to the completion of the last building. Parking availability for Sky Lagoon guests must be always maintained



Sky Lagoon, sunset view.

5. Program and Land Use

5.1 Overall Development Capacity

The Municipal Plan and the local Master Plan (Kársnes þróunaráætlun. Rammahluti aðalskipulags) provide the planning context for a mixed-use waterfront district. The competition seeks proposals that translate this framework into a coherent and feasible development concept that builds on the place identity established by Sky Lagoon.

The following parameters are **indicative** and are intended to support teams in establishing a realistic development capacity and program mix. Teams may propose adjustments, provided the overall concept remains feasible and aligned with the competition objectives.



Sky Lagoon, aerial image of the competition area.

- **Competition site area:** approximately **55,000 m²**
- **Indicative total gross floor area:** approximately **70,000–80,000 m²**
- **Residential component:** approximately **300–350 dwellings**, corresponding to an indicative **40–50%** share of the total floor area
- **Hospitality component:** an indicative range of approximately **200–300 keys/rooms**, potentially distributed across **one or more** hospitality concepts (e.g. hotel, wellness retreat, extended-stay), subject to the proposal's overall strategy and relationship to Sky Lagoon and potential wellness expansion.

- **Other mixed-use components:** offices, retail, restaurants and services, including attractions that support Sky Lagoon operations and contribute to year-round activity
- **Phasing:** development is expected to be delivered over approximately **10 years**. Parking provision should be designed with adaptability in mind — the strategy should acknowledge that future demand may change significantly as public transport improves and new mobility patterns emerge.

5.2 Program and Spatial Relationships

Proposals should demonstrate a coherent relationship between residential uses, visitor-oriented functions and supporting commercial activity, with a strong public realm framework. Attention should be given to the waterfront promenade, public spaces, access and servicing, and how the proposal supports year-round activity.



Kársnes Peninsula, aerial image of the surrounding area.

6. Competition Task

Participants are asked to develop a Development Plan (conceptual Master Plan level) for the competition area. The proposal should focus on an overall concept and spatial strategy at master planning level.

6.1 Required deliverables and format

Submissions shall be provided digitally as one single PDF comprising four (4) A1 panels (landscape). The panels may include drawings, sections, explanatory diagrams, key 3D visualisations, and an explanatory text.

Submissions shall include:

- One concept plan at 1:2000 showing the overall structure of the proposal.
- An explanatory text of up to 2,000 words describing the concept, key choices and development logic.
- Supporting diagrams and visualisations as needed to clearly communicate the proposal.

Submissions shall clearly identify the team in the bottom right corner of each A1 panel. No other marking requirements apply.

After submission, each team shall be prepared to present the proposal to the jury. The presentation should summarise the key concept, spatial structure, relationship to Sky Lagoon, public realm/waterfront strategy, land use mix and implementation logic. The format and time allocation will be confirmed in advance.

6.2 What the proposal must develop and demonstrate

The Development Plan should address the following topics:

1. Structural plan and spatial concept

A clear structural plan for the area, showing the overall spatial concept and the development of the competition site in relation to adjacent areas.

2. Mix of uses and active ground floors

An overall approach to the mixed-use programme, including different uses and the role of active ground floors.

3. Density, scale and built form

A proposed approach to density, scale, built form and typologies, expressed at a conceptual level.

4. Public realm and waterfront strategy

Streets, squares, routes and edges, including how public access to the waterfront is shaped and improved.

5. Placemaking and place identity

Distinctive placemaking and place identity through the design of streets, public

spaces and waterfront edges, with a clear response to the Icelandic coastal setting and character, inspired by the character and atmosphere of traditional Nordic coastal towns and harbour environments.

6. Relationship to Sky Lagoon

How the proposal supports, protects and complements the lagoon experience and its immediate setting, including a supporting hotel or resort.

7. Mobility, access and parking

A clear strategy for walking, cycling, public transport access, servicing/logistics, and an overall parking approach that anticipates changing mobility needs over the development period.

8. Implementation and development programme

An outline implementation approach and development programme, indicating the role of key uses and early catalysts, and the main dependencies, and how the phasing strategy addresses parking and public transport transitions.

7. Evaluation Criteria

Proposals will be assessed on the extent to which they respond to the Clients' Vision and convincingly address the Competition Task. The evaluation will focus on the quality of the overall concept, the spatial strategy and the development logic demonstrated in the submission.

Each of the following criteria (A-E) will be scored on a 1–5 scale, where 1 indicates a poor response and 5 indicates an excellent response:

1 Poor – Does not meet the intent of the criterion; major weaknesses or gaps.

2 Fair – Partly meets the intent; noticeable weaknesses; limited resolution or clarity.

3 Good – Meets the intent; coherent and credible, with some areas for improvement.

4 Very good – Strong response; well resolved, clear and convincing.

5 Excellent – Outstanding response; exemplary quality and coherence; demonstrates clear added value.

A. Strength of the overall concept and place identity and placemaking

Clarity, originality and coherence of the proposal, and how convincingly it translates

the waterfront setting into a distinctive neighbourhood with a strong Icelandic identity.

B. Synergy with Sky Lagoon and destination quality

How well the proposal protects and enhances the Sky Lagoon experience while strengthening the wider destination character, supporting year-round activity and enabling Sky Lagoon's future evolution

C. Quality of the public realm and waterfront experience

The quality, comfort and attractiveness of the public realm, including the waterfront edge, key spaces and the overall walkable experience – including how well it performs in the Icelandic climate

D. Coherence of the mixed-use programme and urban life potential

How convincingly the proposed mix of uses supports everyday life and commercial vitality, including active ground floors and a lively neighbourhood structure.

E. Deliverability, robustness and long-term resilience

The credibility of the development logic and key dependencies, and the robustness of the proposal in relation to coastal risk and other relevant constraints.



Sky Lagoon – entrance.



Sky Lagoon, infinity lagoon view.