

INVESTOR CONFIDENCE INDEX Q3 2023



CUSHMAN &
WAKEFIELD

Realcapital

72 INVESTMENT PROFESSIONALS ANSWERED

**LOOKING 6
MONTHS FORWARD**

The survey was conducted in week 34-35

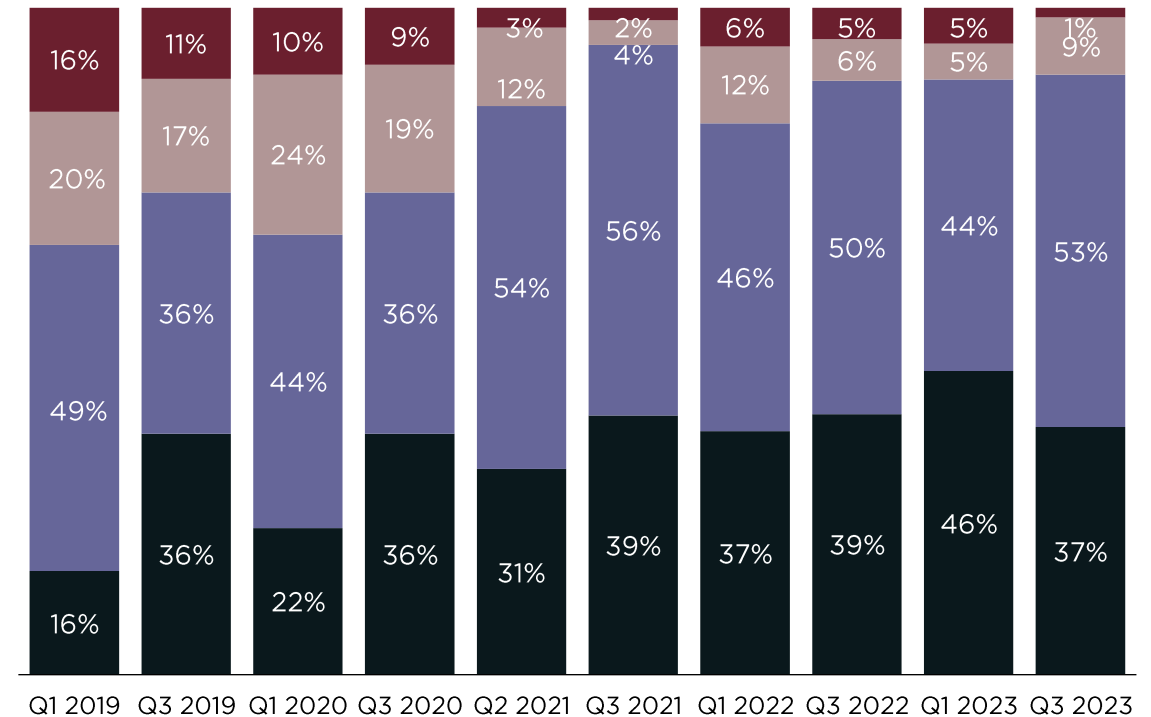


MAIN SURVEY CONCLUSIONS

Investor expectations for the next 6 months

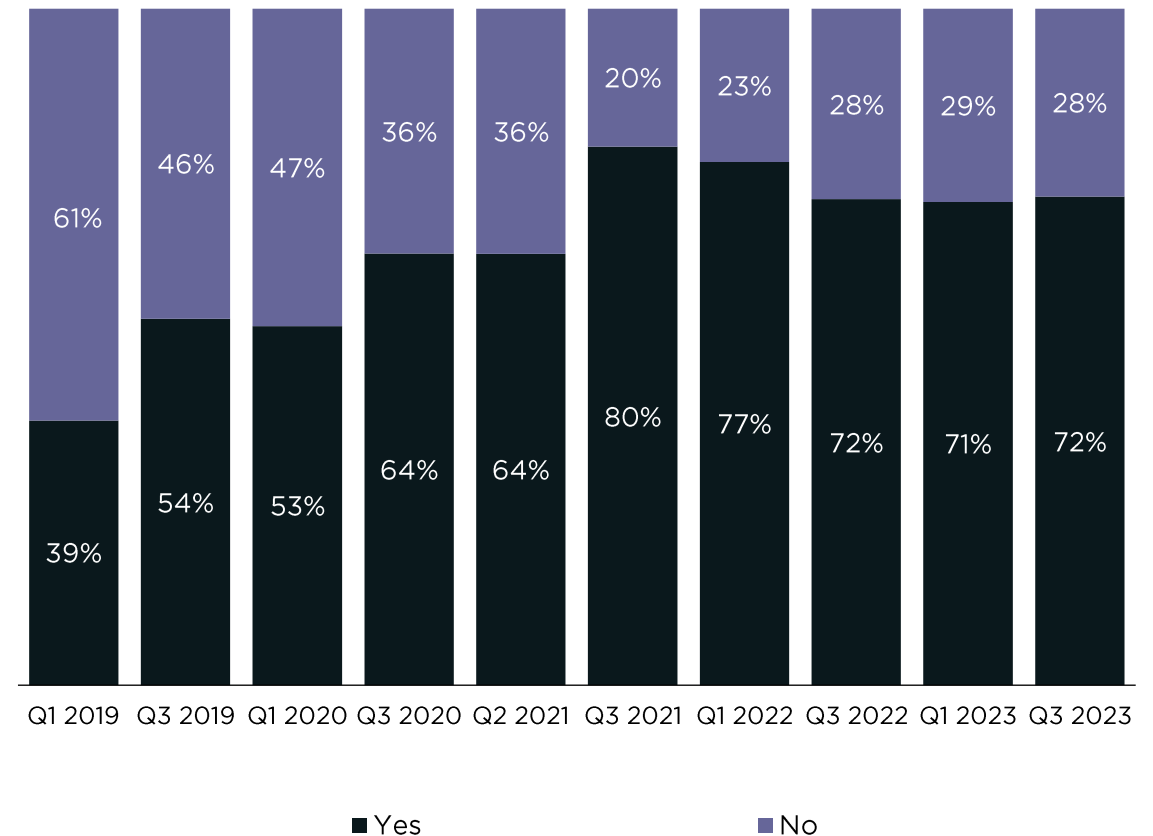
- Investors expects low transaction volume and continued bid/ask spread.
- Negative cashflows and various financial challenges may force more to sell
- Half of the investors prefer “hold” as investment strategy
- Investors more optimistic about demand for logistics
- Prime yields expected to increase further
- Most investors still expecting difficult financing conditions
- More investors expecting negative value development due to higher yields and worsened financing
- Investors believe the logistics segment will perform best
- High sustainability classification is even more important to future proof portfolios
- Investors willing to pay a premium for sustainability

DO YOU CONSIDER SUSTAINABILITY CLASSIFICATIONS WHEN INVESTING IN REAL ESTATE?

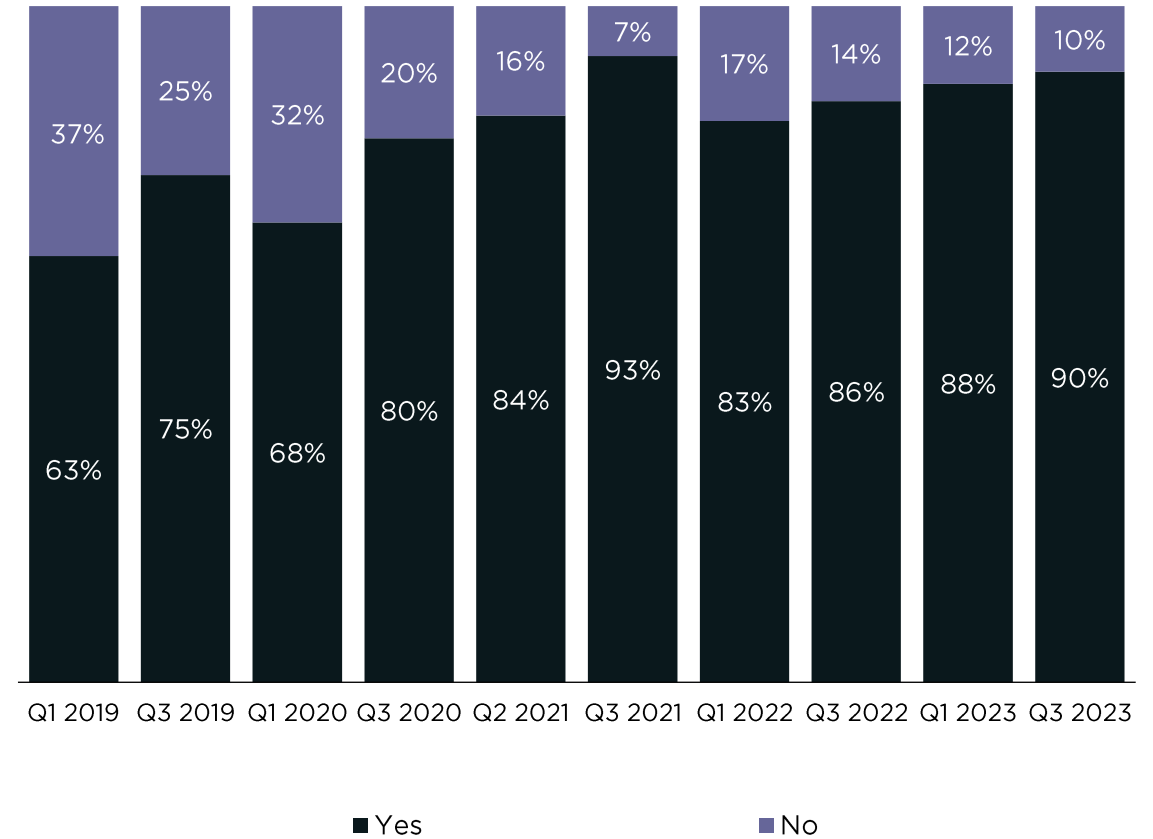


- No
- Yes, but not important
- Yes, but we don't have a formal approach to it
- Yes, it is part of our formalised investor prerequisite

ARE YOU WILLING TO PAY A PREMIUM FOR HIGH SUSTAINABILITY CLASSIFICATIONS?



DO YOU CONSIDER HIGH SUSTAINABILITY CLASSIFICATIONS IMPORTANT FOR FUTURE PROOFING YOUR PORTFOLIO'S VALUE?



WHAT DO YOU THINK WILL CHARACTERIZE THE TRANSACTION MARKET GOING 6 MONTHS FORWARD?

Bid/Ask spread continues

A significant number of respondents believe that the bid/ask spread will persist, indicating a continued gap between buyers' and sellers' expectations.

Pressure on sellers

Several responses indicate that sellers, especially those who are financially distressed or highly leveraged, may be forced to lower their prices or sell due to increasing interest rates and other financial pressures.

Low transaction volume

Many investors expect the transaction volume to remain low, with some expecting even fewer transactions than before. Market uncertainty is a part of this “wait and see” attitude

WHAT DO YOU THINK WILL ENCOURAGE MORE INVESTORS TO SELL IN THE NEXT 6 MONTHS?

LTV and refinancing issues

“Many investors highlighted concerns related to Loan-to-Value (LTV) ratios, ICR and the need for refinancing, especially with changing interest rates.”

Market realization

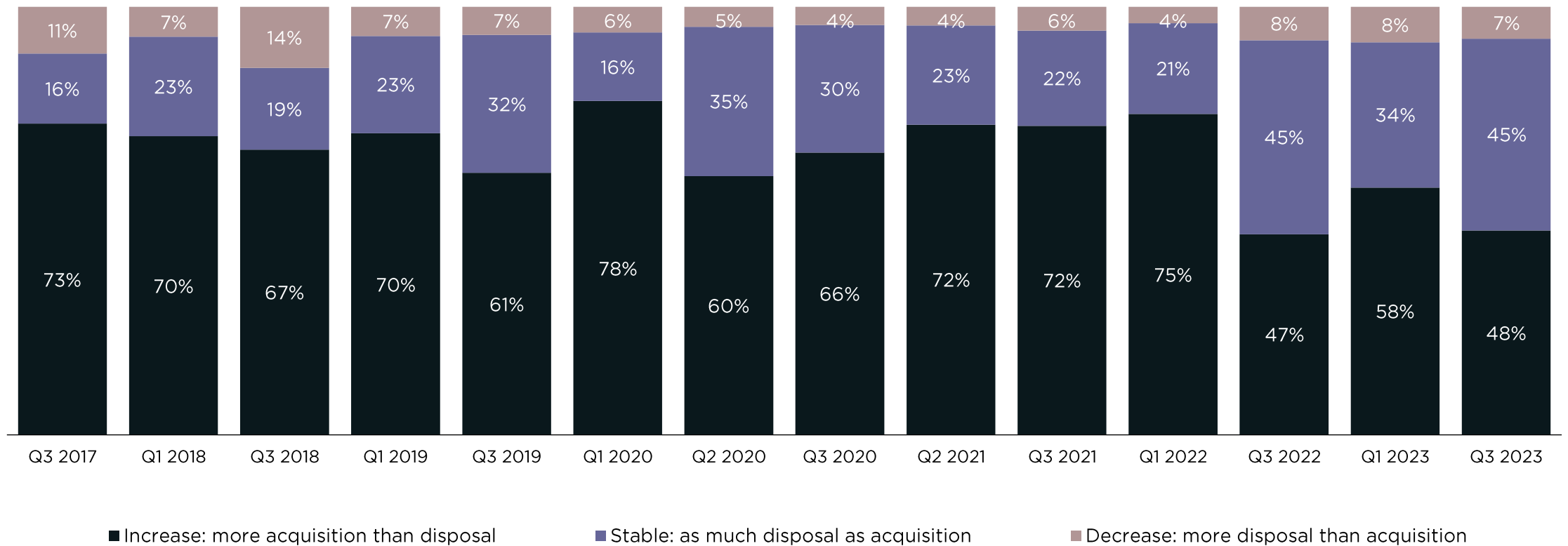
“Some believe that sellers will come to terms with the current market conditions and adjust their price expectations accordingly.”

Negative cashflows

“Several respondents mentioned that negative cashflows would force sellers to offload properties.”

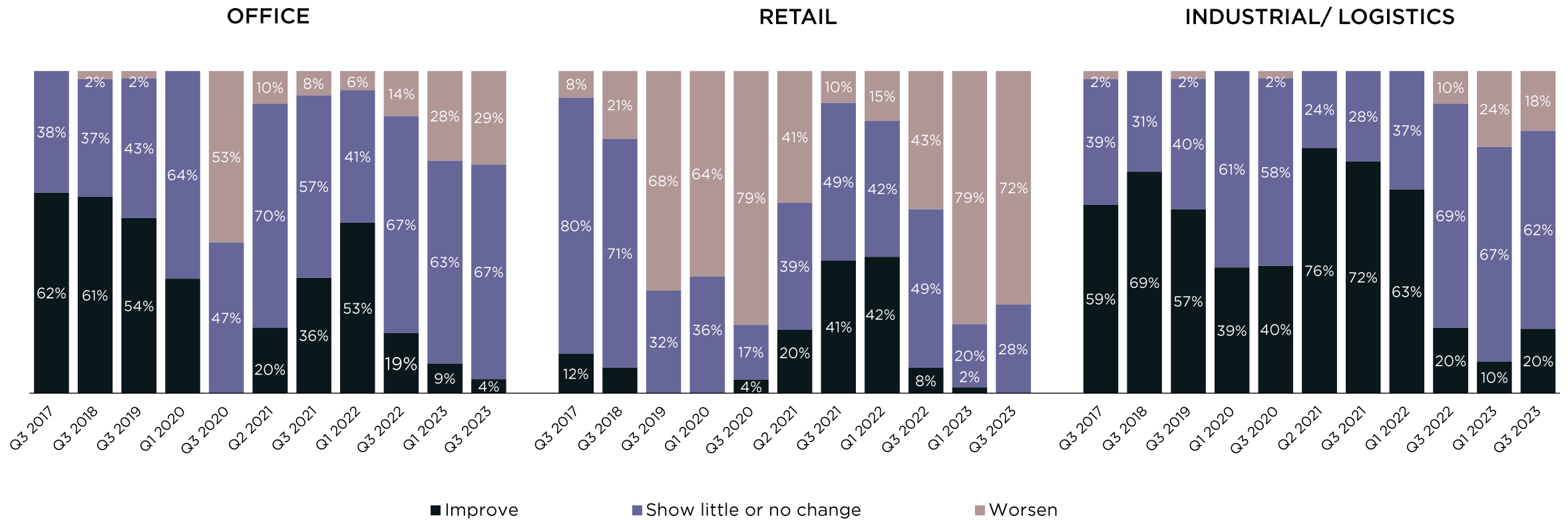
NEAR HALF OF THE INVESTORS PREFER “HOLD” AS THEIR MAIN STRATEGY

What is your objective with regards to the size of your portfolio during the next 6 months?



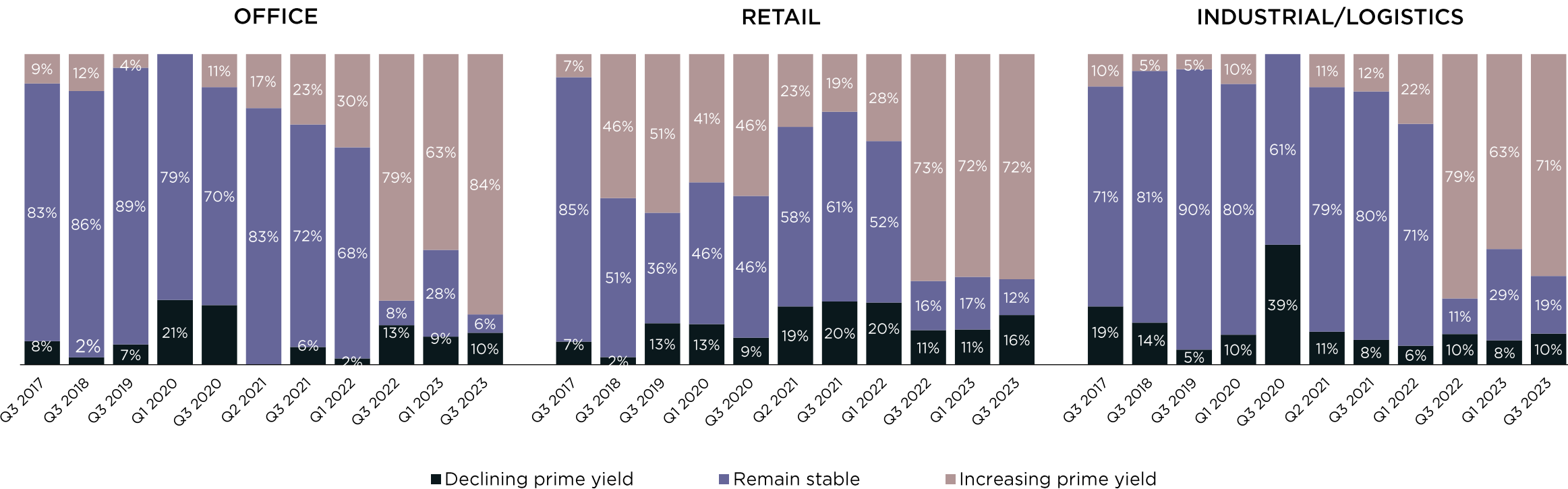
INVESTORS ARE MORE OPTIMISTIC ABOUT DEMAND FOR LOGISTICS

The demand on the occupier market during the next 6 months will:



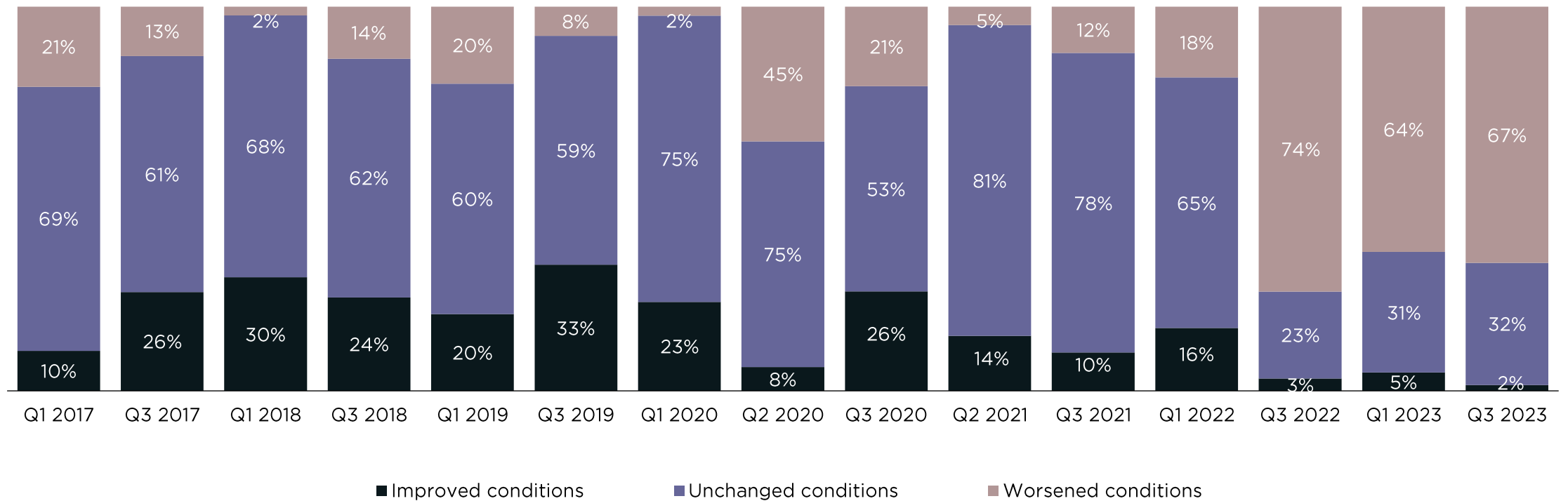
PRIME YIELDS EXPECTED TO INCREASE FURTHER

Prime yield during the next 6 months will:



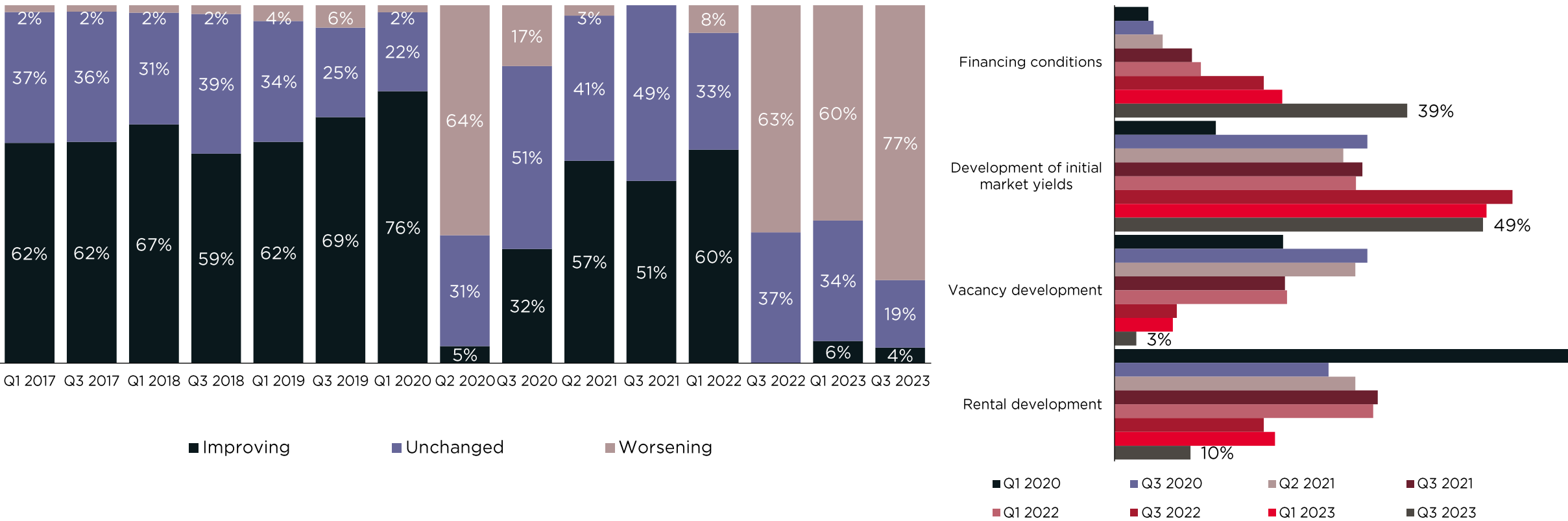
INVESTORS STILL EXPECT DIFFICULT FINANCING CONDITIONS

Outlook for future financing compared to current financing



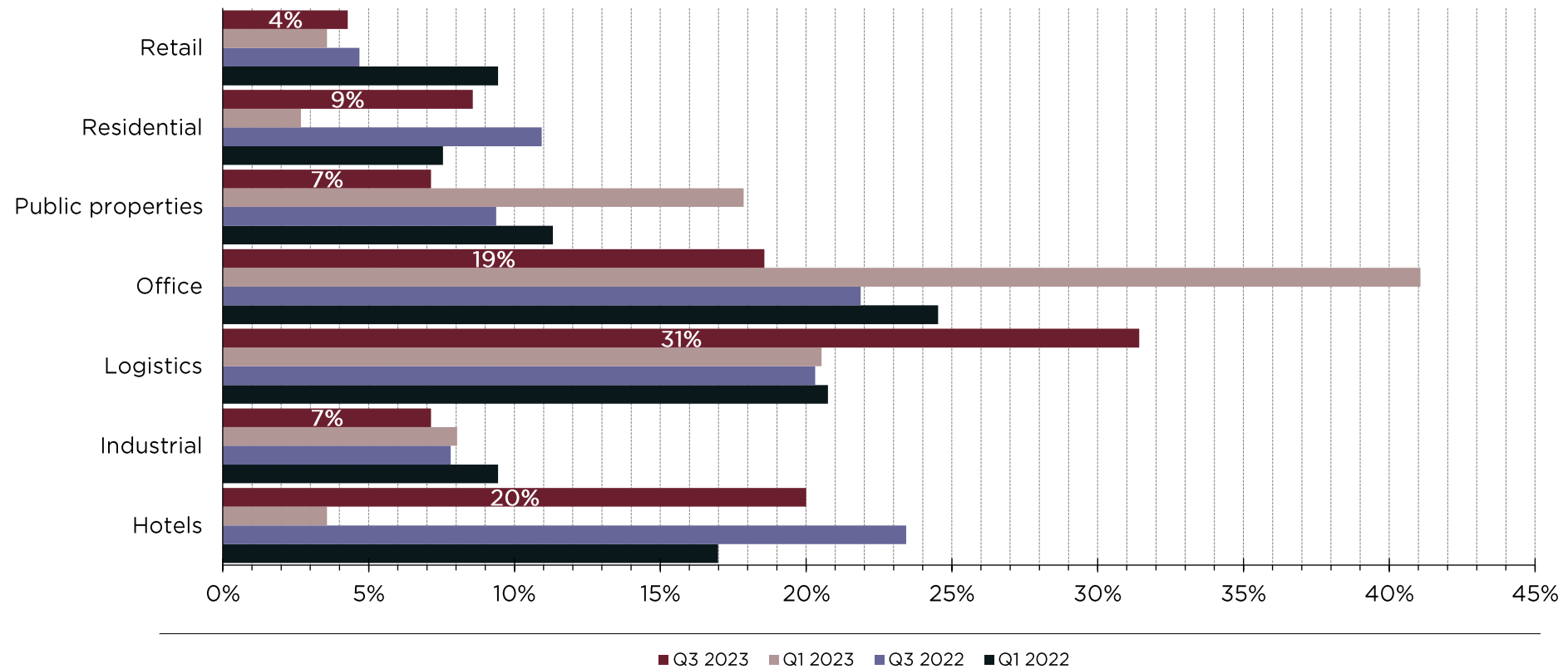
INVESTORS EXPECTING LOWER VALUES DUE TO FINANCING AND HIGHER YIELDS

Portfolio value developing and influencing factors over the next 6 months



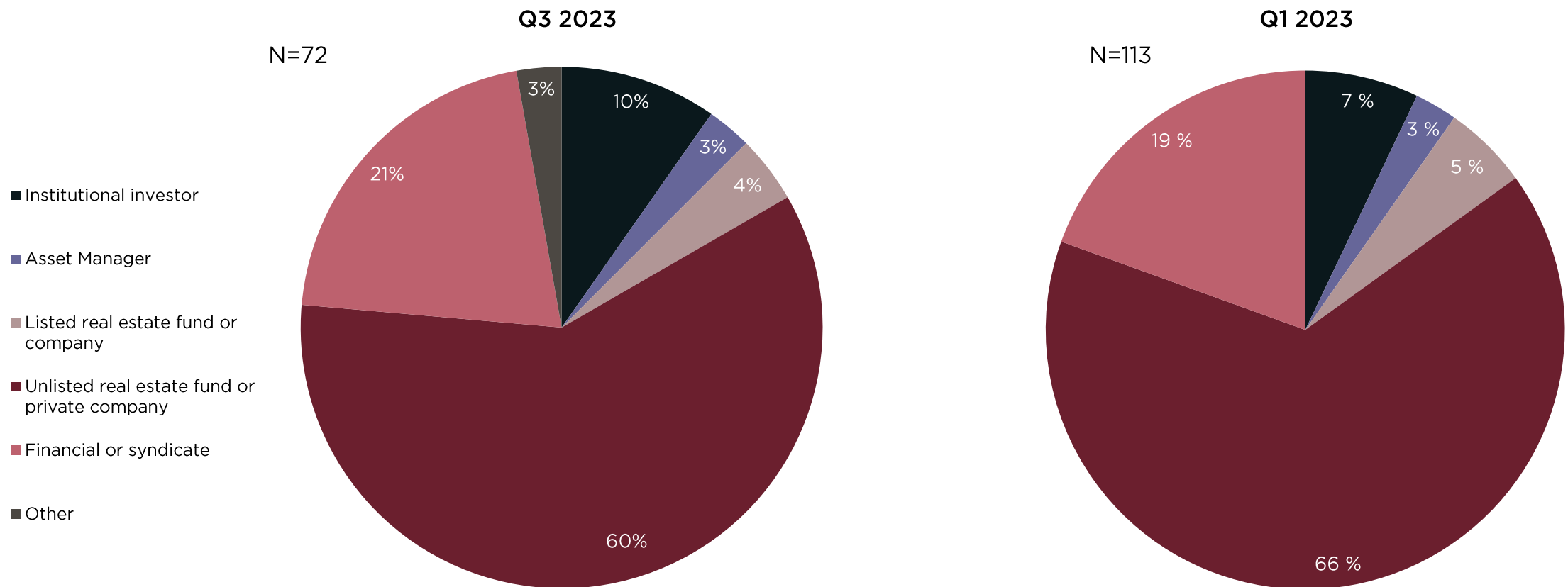
INVESTORS BELIEVE LOGISTICS WILL PERFORM BEST

Which segment do you consider to have the best potential to perform well over the next 6 months?



ABOUT THE SURVEY: PARTICIPANTS AND NUMBER OF RESPONSES

What kind of organization are you working for?





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