

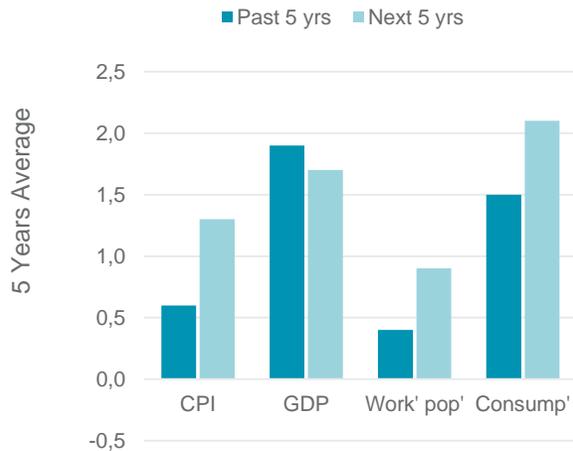
Understanding the Nordics

2019 Q3

Macro backdrop

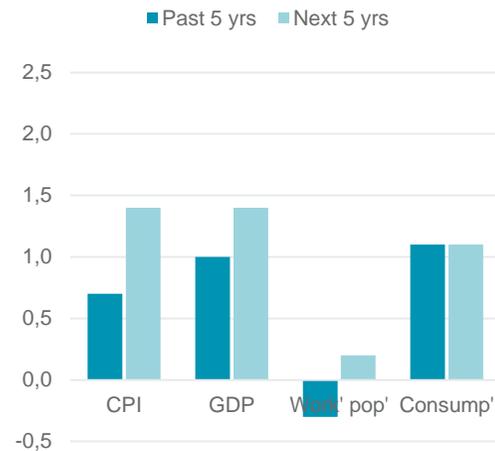
One region – four stories

 Strong but tight labour market



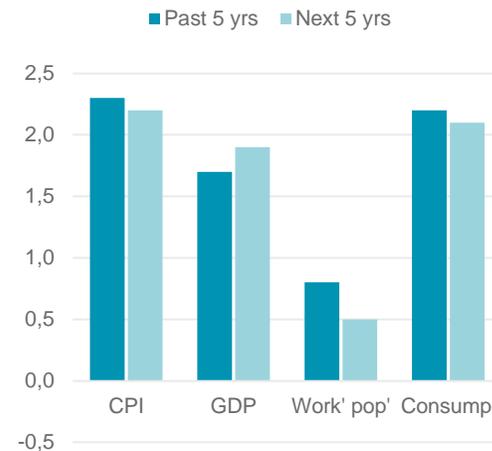
- ✓ Strong labour market – expect to push up wages
- ✓ Low inflation will support spending
- ✓ Monetary policy to support investments
- ✓ High household debt
- ✓ Labour market constraints

 Slowing growth due to external environment



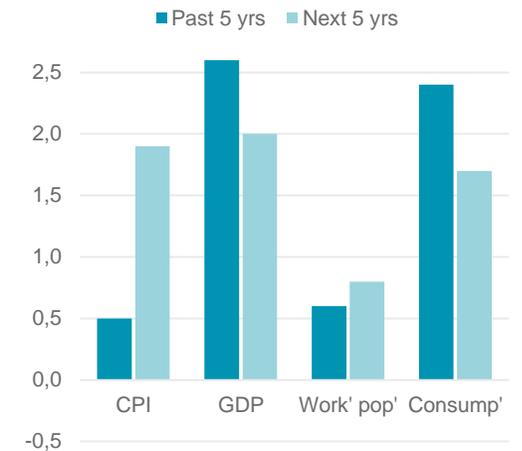
- ✓ Economy has grown quickly last 3 years, largely closing the output gap
- ✓ Expectation for slowing export growth
- ✓ Decline of key industries – paper & pulp and electronics
- ✓ A strong labour market will be key to ensure domestic demand
- ✓ Ongoing fiscal consolidation

 Growth for both mainland and oil economy



- ✓ Investment growth in petroleum sector
- ✓ Strong employment growth
- ✓ Healthy consumer sentiment
- ✓ Inflation estimate around target
- ✓ Possible concerns over capacity constraints

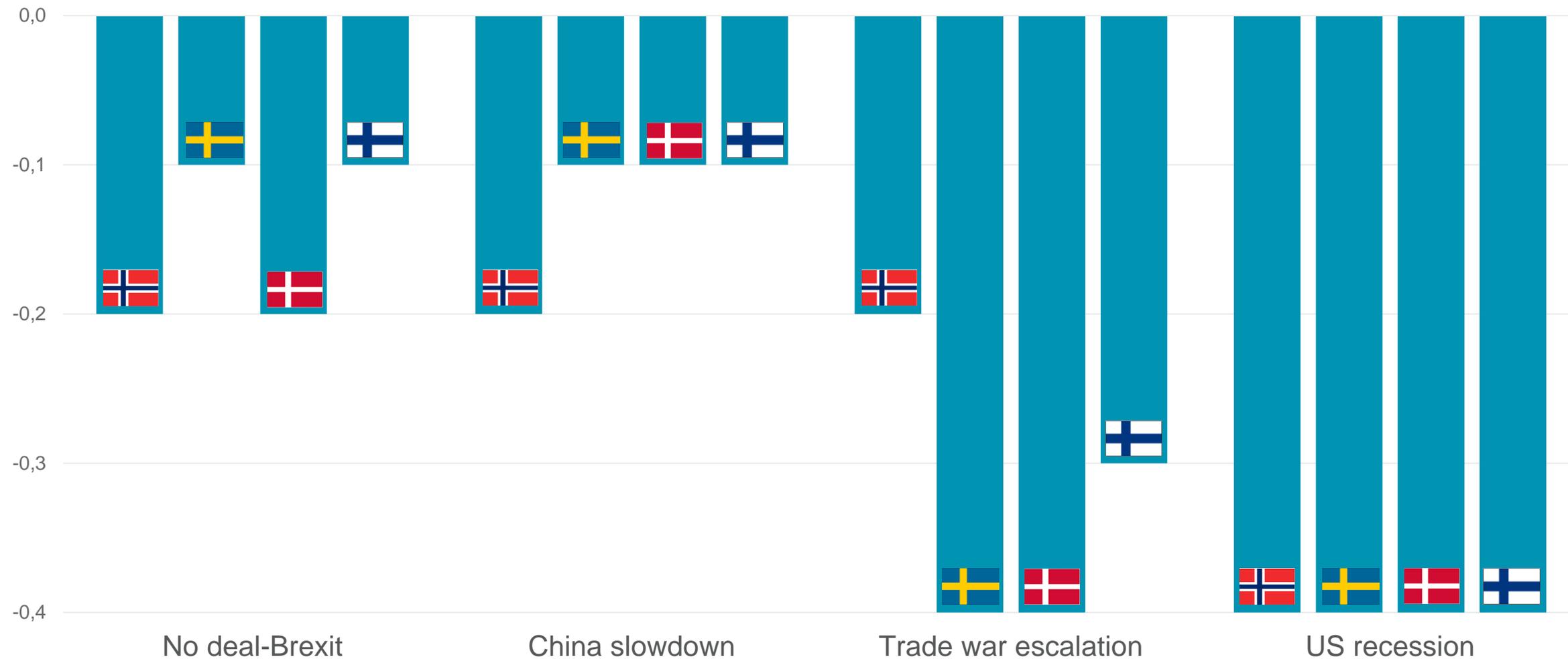
 Growth has peaked, but outlook remain positive



- ✓ Employment expected to continue to rise and in turn support consumer spending
- ✓ Weak house price growth weighs on consumption via the wealth effect
- ✓ Riksbank to keep monetary policy loose
- ✓ OE's view is that house prices are close to equilibrium value

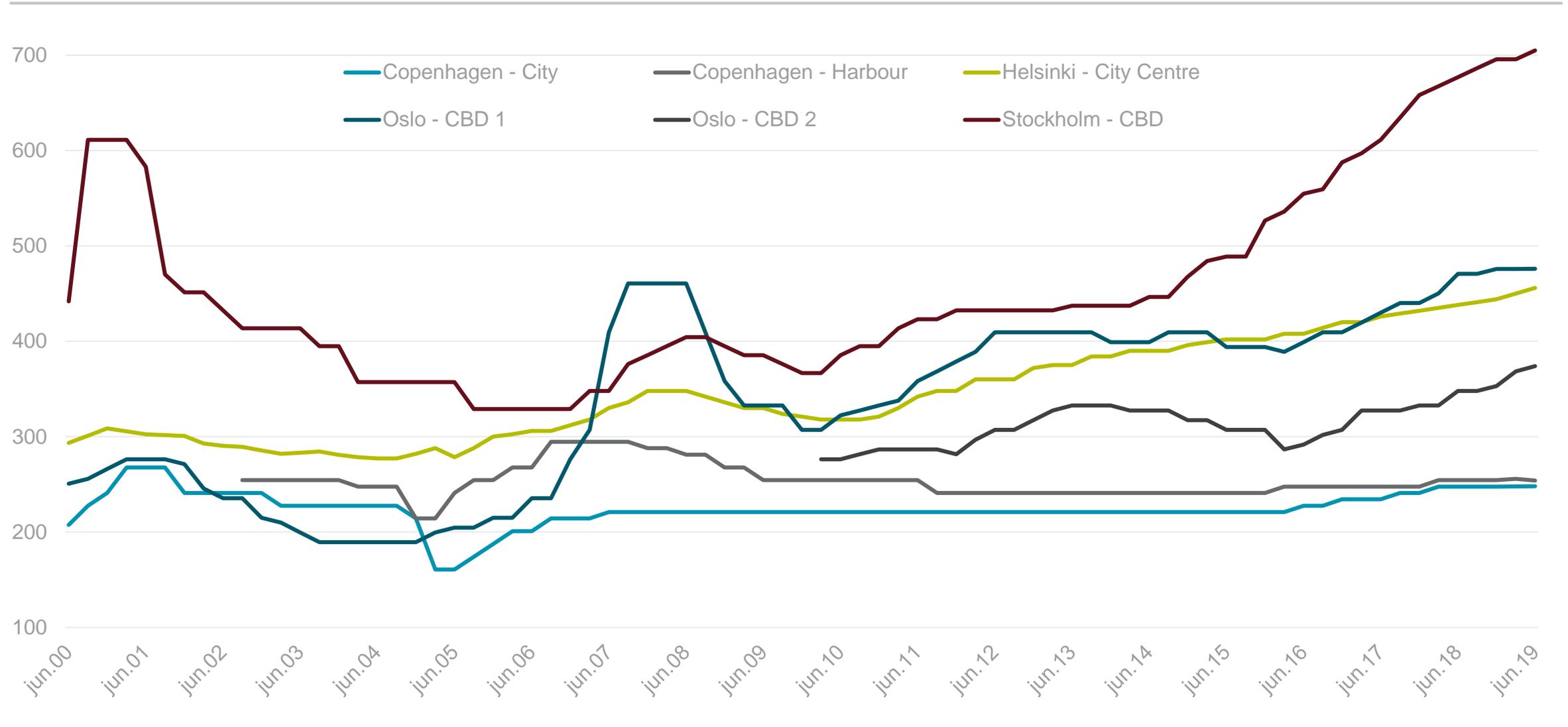
Macro backdrop

Impact scenarios on GDP growth – average annual impact over next 3 years (% points)



Office rental development in Nordic capital cities

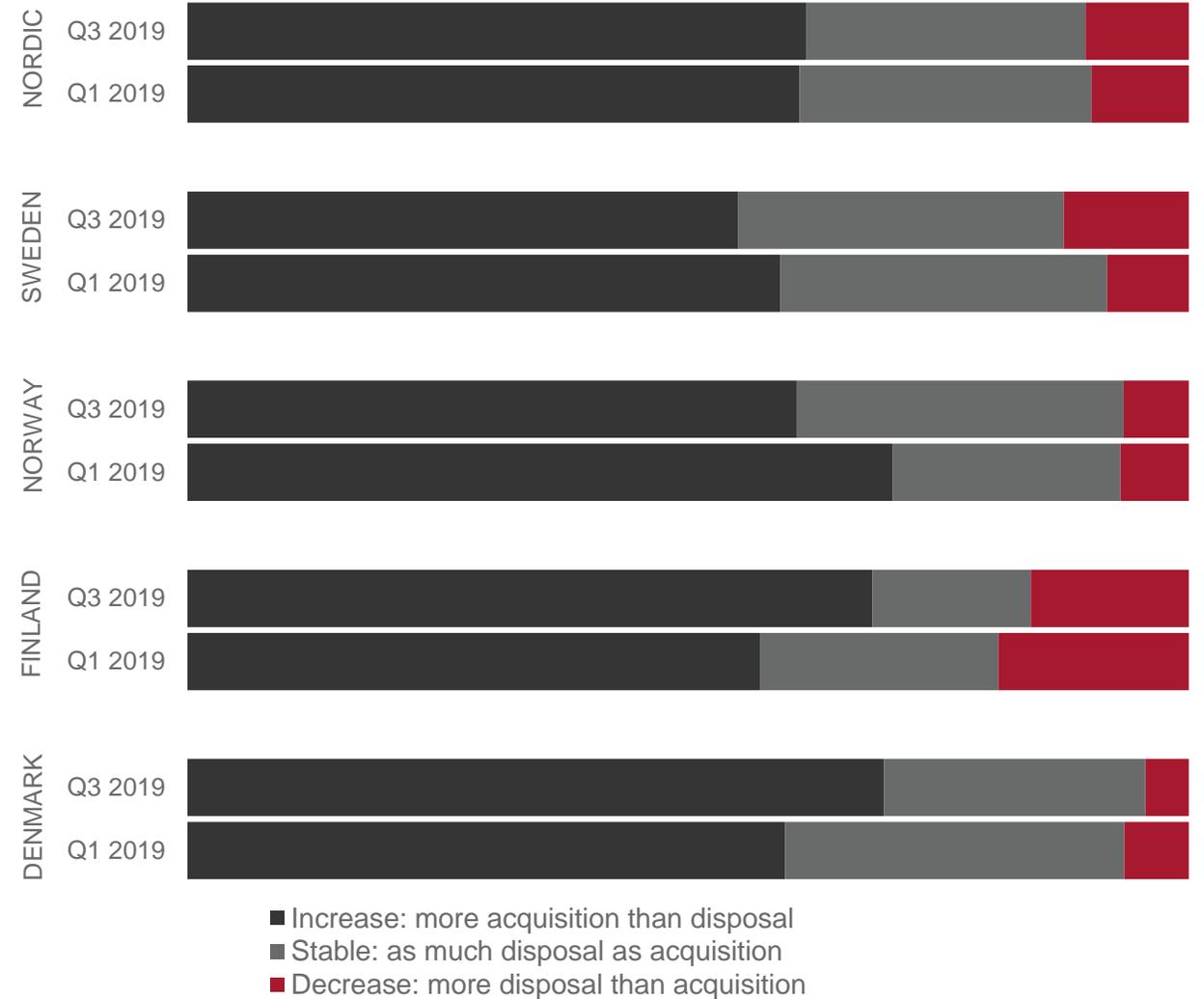
Prime rent in €/m² (fixed FX at period end)



**CUSHMAN & WAKEFIELD
NORDIC INVESTOR
CONFIDENCE INDEX,
Q3 2019**

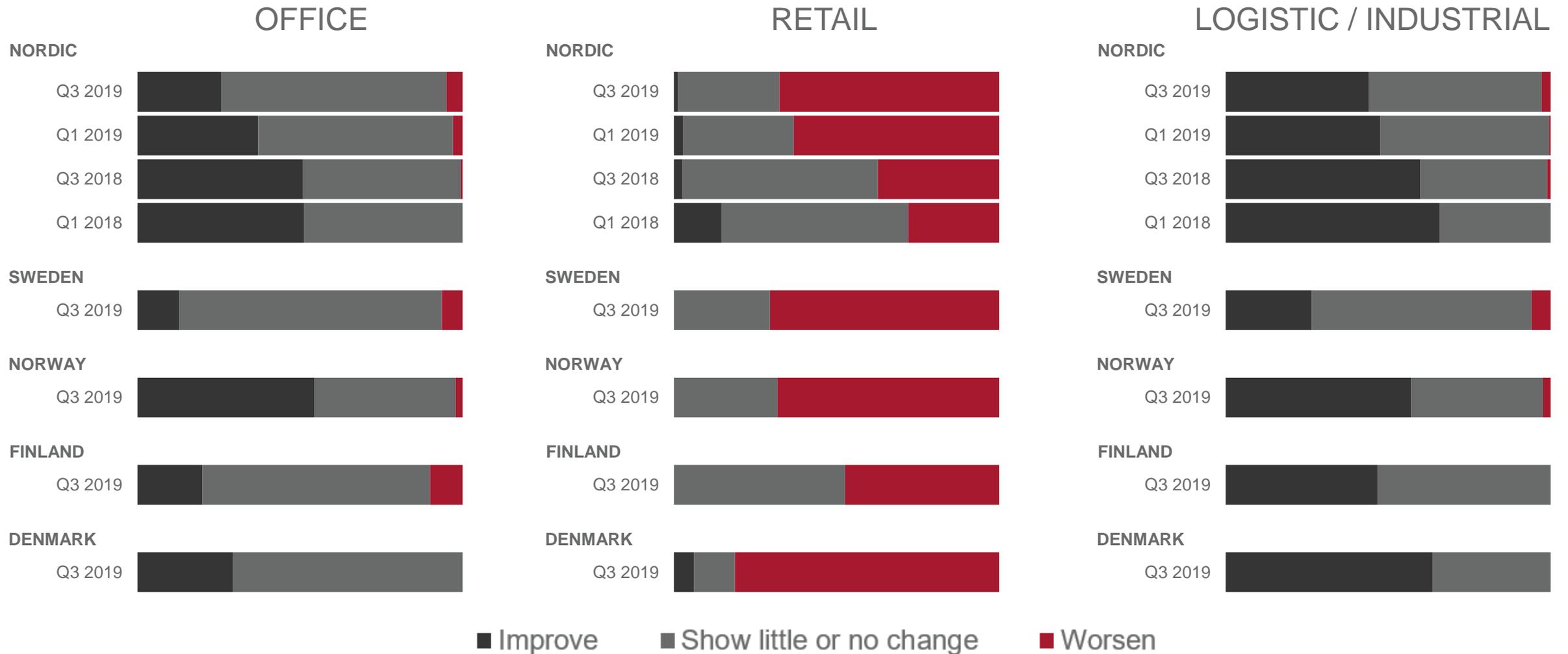
Persistent strong investor demand

Majority are net buyers – lack of sellers



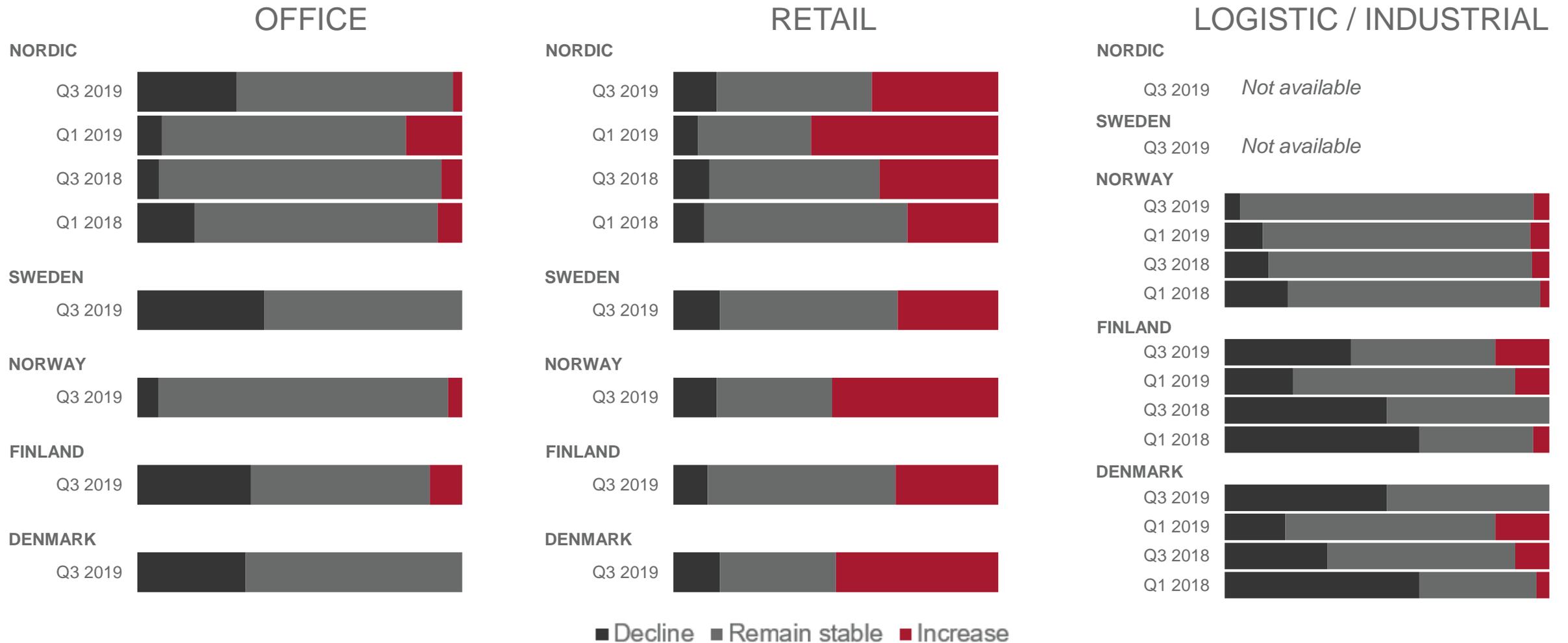
Office occupiers demand flattening out in Sweden, Denmark, Finland and ...

...and are retail bottoming out?



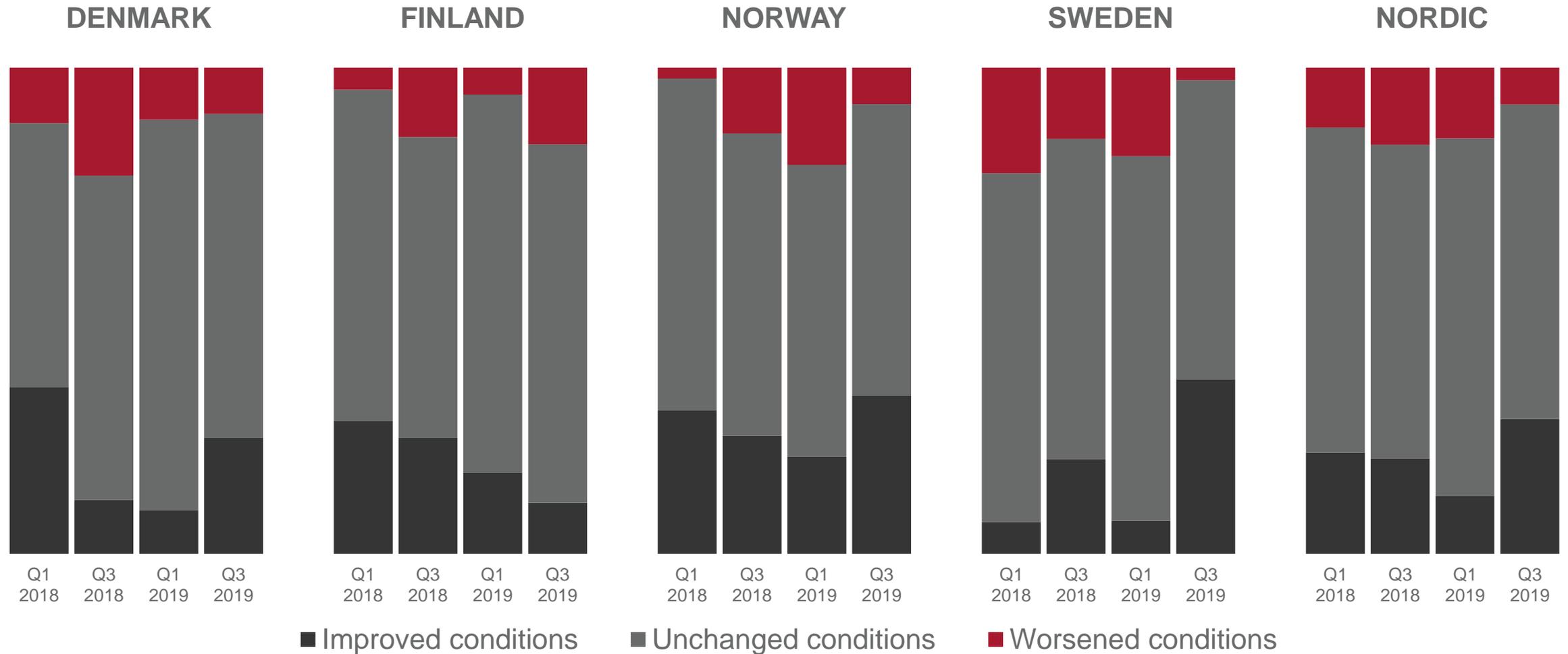
Renewed expectation for declining office yields...

... and are retail bottoming out?



Renewed optimism around financing conditions...

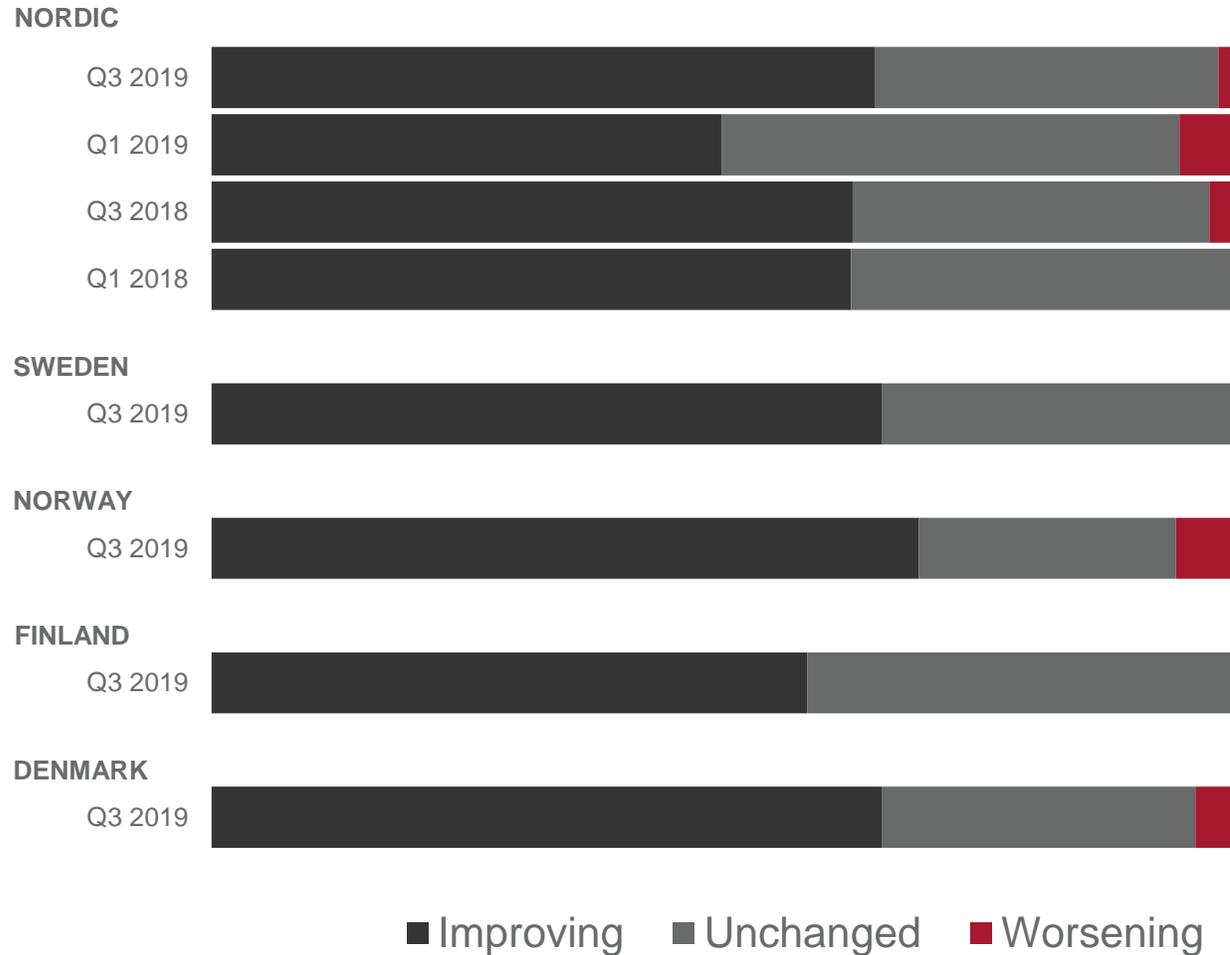
... but not for Finland



Optimistic view on own portfolio

Rent growth, vacancy development & yield development all expected to contribute

PORTFOLIO DEVELOPMENT



GROWTH DRIVERS

