



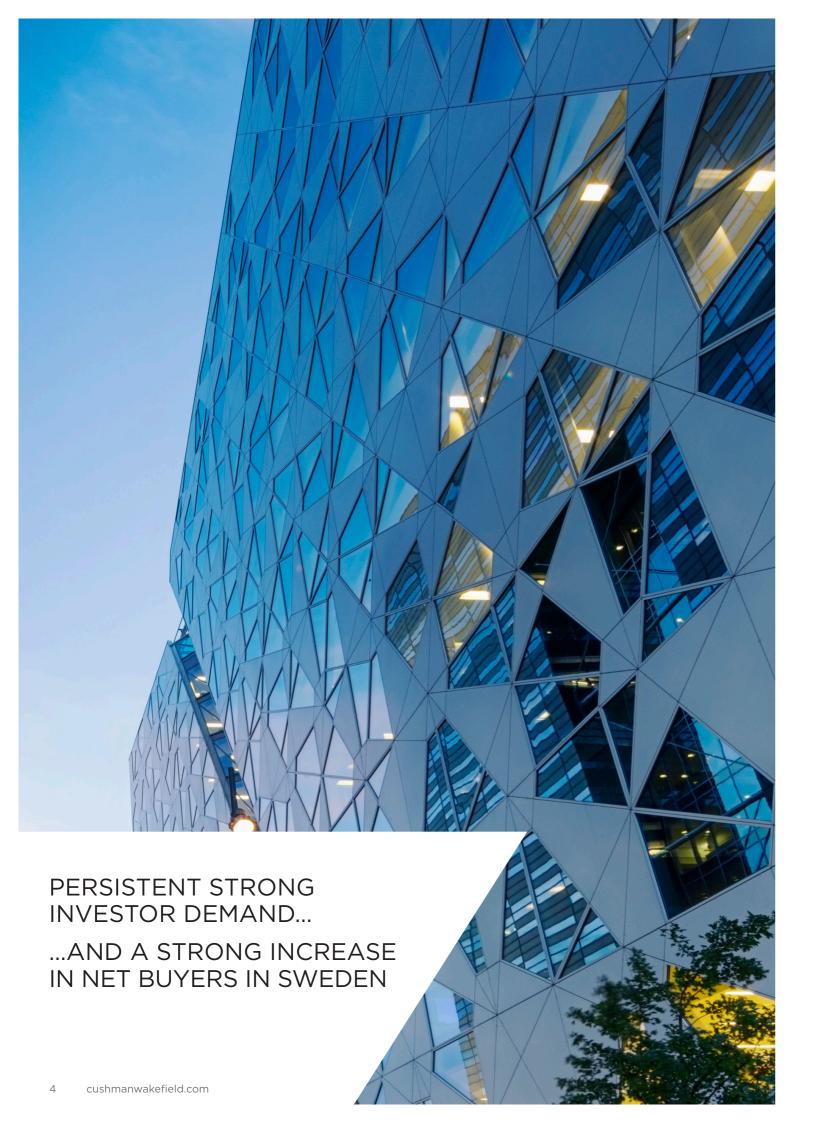
61 PERCENT OF ALL INVESTORS HAVE AN OBJECTIVE TO BE NET BUYERS IN THE COMING SIX MONTHS WHILE ONLY 10 PERCENT ARE SELLERS

THE CUSHWAKE NORDIC INVESTOR CONFIDENCE INDEX INCLUDES SURVEY RESPONSES FROM AROUND 180 INVESTMENT PROFESSIONALS ACROSS THE NORDIC REGION. THE INDEX MONITORS EXPECTATIONS FOR THE NEXT THREE TO SIX MONTHS.

The survey's broad coverage reflects the interest for non-biased analysis and increased transparency. Furthermore, the degree of coverage ensures the findings are representative reflections of current investor confidence in the Nordic commercial real estate market.

We conduct the survey biannually, allowing us to track changes in confidence, to interpret what they mean for the market and to determine how best to respond when making investment decisions.

To reflect the difference in investment market size a heavier weighting has been given to Sweden (40 percent) compared to Denmark, Finland and Norway (20 percent respectively) when presenting the combined Nordic results. For more details of the methodology or details on individual markets, please contact your Cushman & Wakefield contact or consult www.cushmanwakefield.se

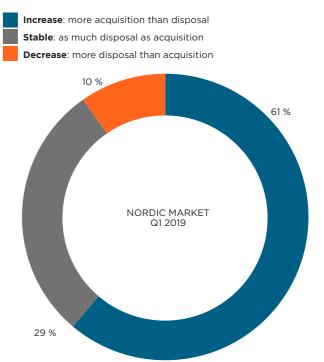


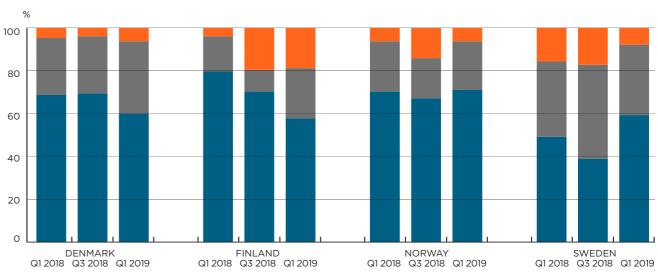
INVESTOR DEMAND

This prolonged cycle continues to see an extraordinary level of capital targeting real estate. 61%, up from 57% in the Q3 2018 index, of all investors within and into the Nordics have an objective to be net buyers during first half of 2019, partly driven by expectations of a further increase in occupier demand and a consequent rise in asset values. However, there are differences between countries. In Sweden net buyers have once again increased from around 40 to 60%, Denmark and Finland have seen a fall in net buyers, of 10% and 13% respectively, while Norway has seen a minor increase. All markets still experience a shortage of sellers of low risk and cash-flow assets.

While core real estate strategies remain attractive, demand still outstrips supply. Although prime yields appear to have bottomed out, beyond prime, many investors in and into Denmark, Finland and Norway have been contributing to converging yields by accepting additional risk, whether this be in terms of secondary locations or assets, letting risk, development risk and/or redevelopment projects that potentially create core assets in top markets. Across the office cycle, yields have bottomed out, while we see increased yield spreads for retail.

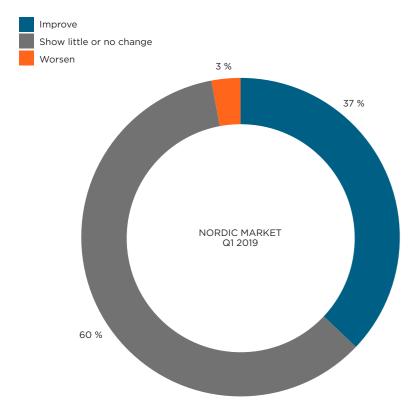
WHAT IS YOUR OBJECTIVE WITH REGARDS TO THE SIZE OF YOUR PORTFOLIO:





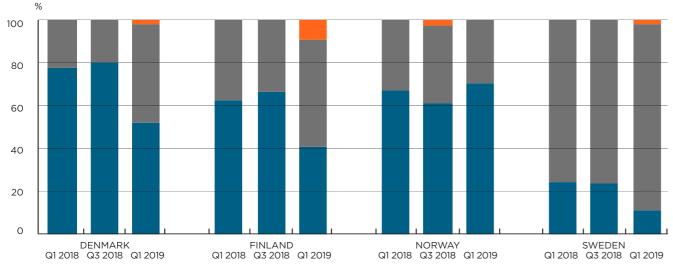
OFFICE MARKET

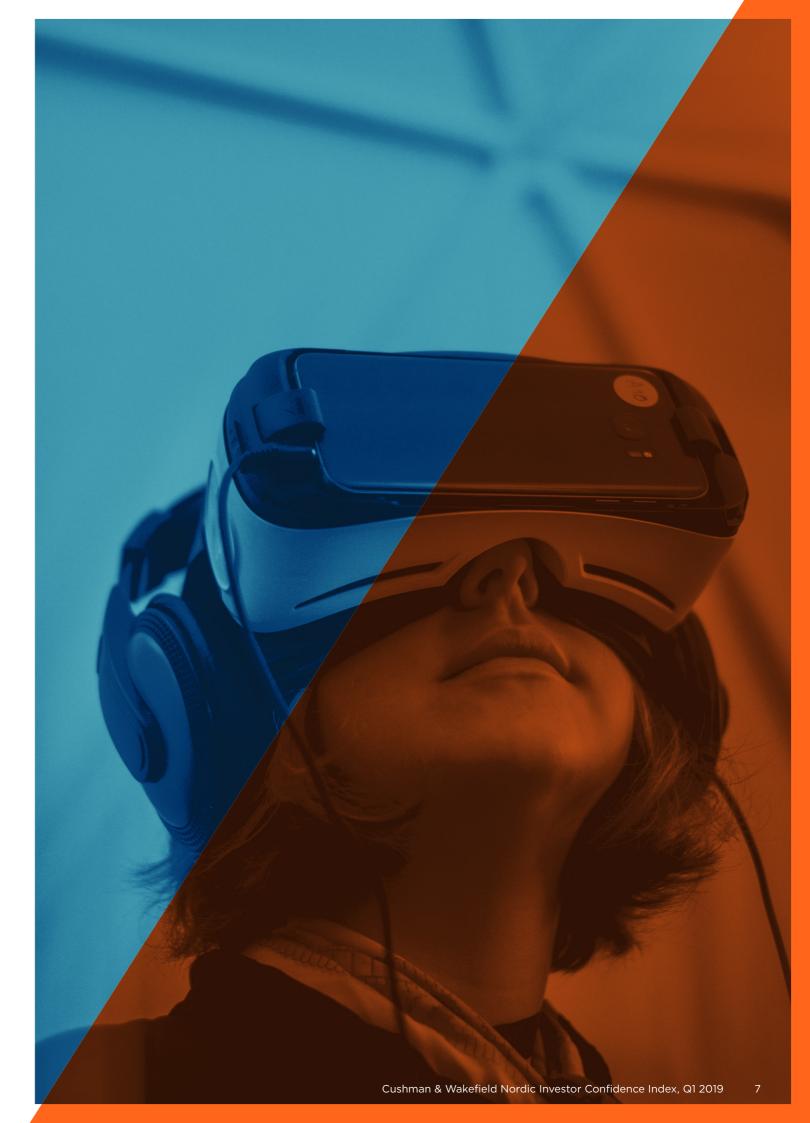
WITH REGARDS TO THE OFFICE OCCUPIER MARKET, DEMAND WILL:



37% of all Nordic investors expect improved demand from office occupiers in the coming six months, particularly driven by an optimistic view of strengthening demand in Oslo, followed by Copenhagen and Helsinki, yet the percentage is down compared to Q3 2018. For Sweden, which has experienced a long and strong rental cycle, the vast majority of investors now believe rents will move sideways. Thus, overall the results are down from the Q3 2018 survey and strengthen the view of a maturing cycle after a prolonged economic upswing for the Nordic countries.

However, virtually no one across the region expects office occupiers' demand to weaken. Economic growth and limited new development support the positive short to medium-term outlook. However, forecasters have a more mixed view beyond 2020 given a combination of development catch-up, greater adoption of agile- and co-working, the switch from manpower to technology and increased utilisation of office space.

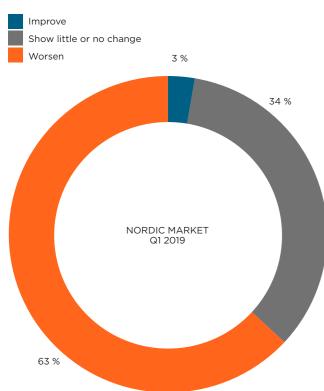




RETAIL MARKET

CONTINUED, AND RAPID, RISING SCEPTICISM AROUND RETAIL RENTS AS E-COMMERCE CHALLENGES BRICKS-AND-MORTAR RETAIL

WITH REGARDS TO THE RETAIL OCCUPIER MARKET, DEMAND WILL:



Investors views are very different from the office sector and we have seen a dramatic shift in investors expecting occupier demand to weaken. This is driven by a series of poor sector figures, negative headlines, lower share prices and an increased number of bankruptcies amongst retailers. Across the region we see growing concern at the prospect of weakening demand. E-commerce continues to spook investors, resulting in more than 60% foreseeing a decline in retail occupier demand. Looking behind and beyond the numbers, investors' views on the sector are split in terms of geography, micro locations and assets, although there is a general view that the sector will require deep specialist attention going forward, resulting in a likely further concentration of assets among sector specialists.

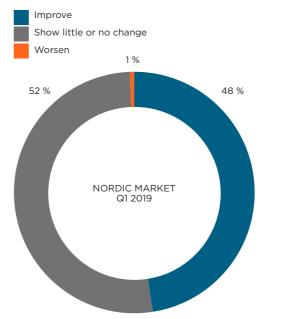
Changing behaviour, most prominently by the younger generation, and new technologies vastly transforming consumers' shopping experience are the two most important factors that are shaking up retailing. For the Nordic region, it is important to recognize these changes as the region has one of Europe's highest shopping centre densities.

% 100 80 40 20 DENMARK Q1 2018 Q3 2018 Q1 2019 Q1 2018 Q3 2018 Q1 2019

INDUSTRIAL AND LOGISTICS SECTOR CONTINUES ITS STRONG RUN

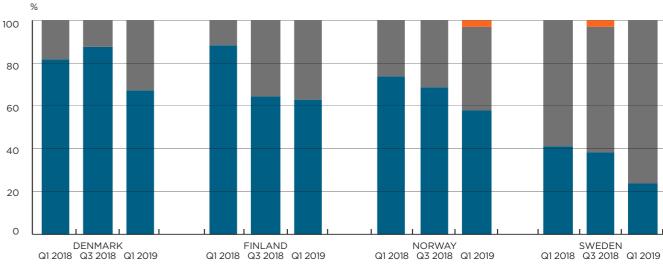
INDUSTRIAL AND LOGISTICS

WITH REGARDS TO THE INDUSTRIAL/LOGISTICS OCCUPIER MARKET, DEMAND WILL:



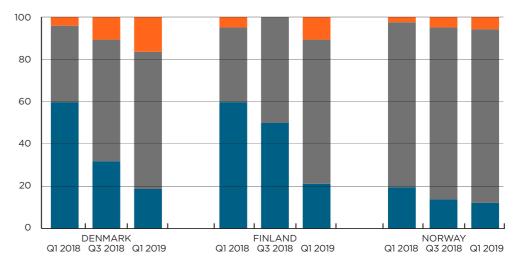
As e-commerce fears dog bricks-and mortar retail, industrial and logistics assets present a credible diversification alternative for institutional investors. Nordic investors in general are positive about the outlook for the industrial sector, yet the optimism is softening. Even here we see significant differences between countries, with again Denmark, Finland and Norway representing the most convincing consensus.

In terms of asset pricing Danish and Finnish investors sent a strong message to the sector in Q1 2018 with 60 percent of investors expecting further yield compression and above 80 percent expecting occupier demand to improve. Now, the majority expecting occupier demand to strengthen are shrinking, and as a response to the repricing that has already taken place only around 20% are now expecting further yield compression.



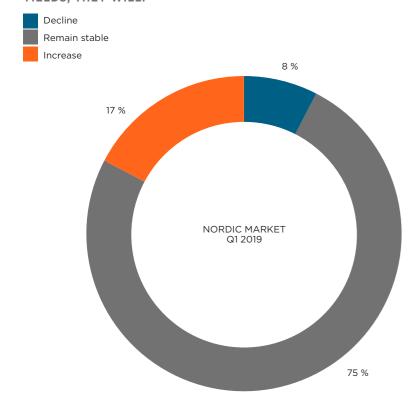
WITH REGARDS TO THE DEVELOPMENT OF INDUSTRIAL AND LOGISTICS MARKET YIELDS, THEY WILL:





YIELDS

WITH REGARDS TO THE DEVELOPMENT OF OFFICE MARKET YIELDS, THEY WILL:



The majority of Nordic investors believe office yields have levelled out and most investors expect a a slowly growing minority, across yields to start to move out again. This is not surprising giving the very well announced movement in

"lower for even longer" scenario in the short term. However, we do see all markets in the region, expecting interest rates.



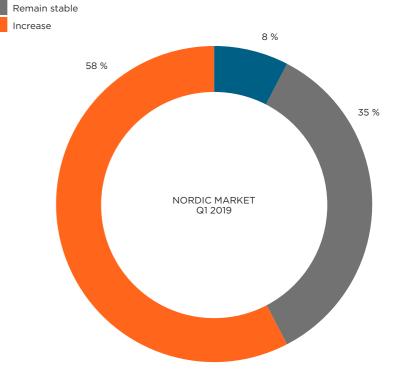
WITH REGARDS TO THE DEVELOPMENT OF RETAIL MARKET YIELDS, THEY WILL:

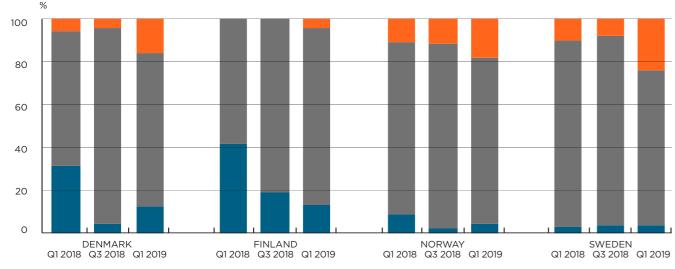


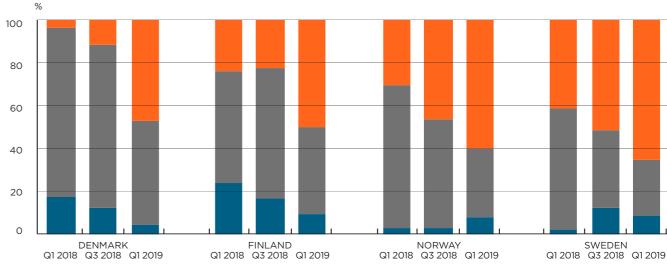
investors in terms of geography,

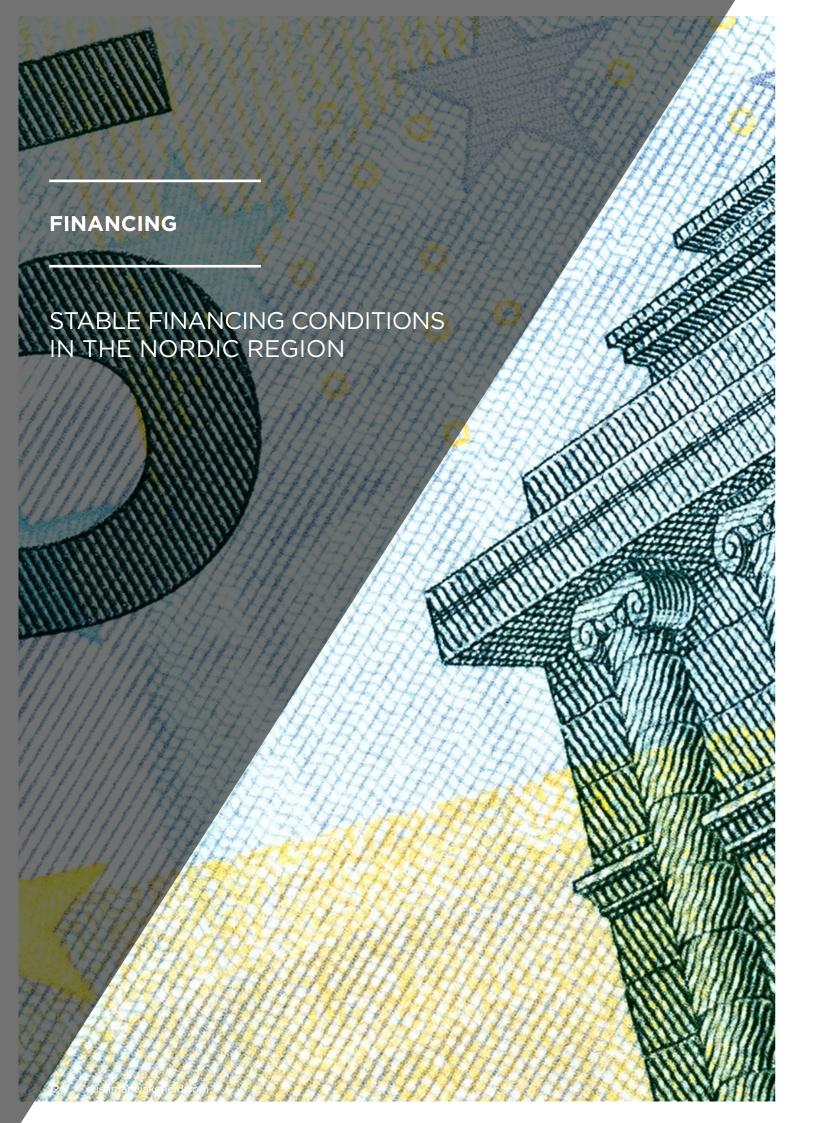
micro locations and assets.

Decline



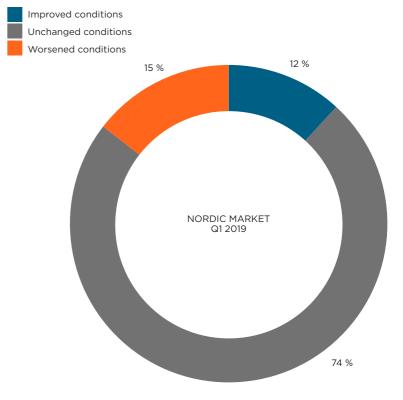


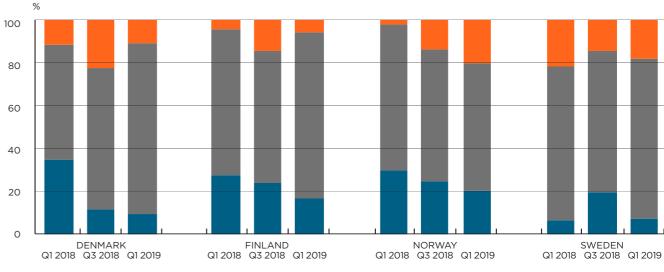




WHAT IS THE OUTLOOK FOR YOUR FINANCING COMPARED WITH YOUR CURRENT FINANCING?

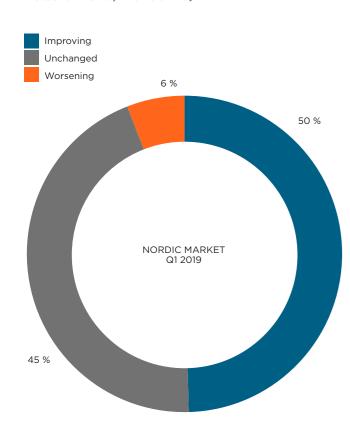
Movements in expectations for financing conditions are small across the region. A 74% strong majority of Nordic region investors expect financing conditions to move sideways in the months to come. At the same time, we have seen a shrinking minority across all four markets that expect improved financing conditions on new deals or when refinancing current positions, which is probably not surprising given the expectation for continuing increasing interest rates.





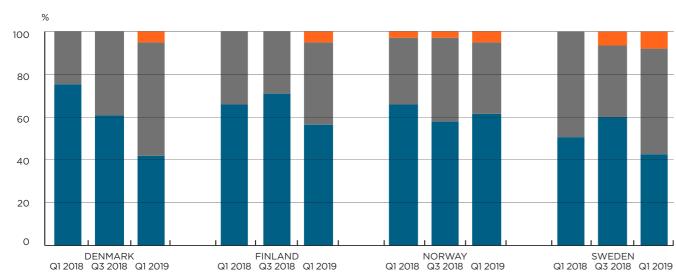
PORTFOLIO DEVELOPMENT

HOW DO YOU SEE THE VALUE OF YOUR PORTFOLIO DEVELOPING (ASIDE FROM ANY ACQUISITIONS/DISPOSALS)?



50 percent of investors believe their portfolio will improve in value (aside from acquisitions & disposals), which is significantly less that the 62% measured only six months ago. However, given the somewhat weaker sentiment, particular for retail, this suggests more investors also have modest expectations regarding their own assets. Key drivers for such value improvement are expected to be rental growth and a drop in vacancy rates. However, 22% also believe yield compression to be a key driver of their portfolio value, even though we don't find the same views mirrored in the market expectations reported above.

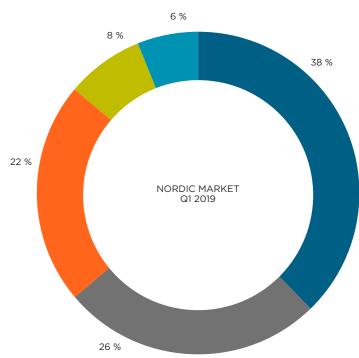
Understandably, investors are more optimistic about their own portfolios than the market in general, otherwise a different strategy would be pursued. But an overly optimistic view on own portfolios will generate a gap between buyers and sellers and hinder liquidity. The optimistic views held by investors on their own portfolios might also partly explain the lack of net sellers in this quarter's survey. Consequently, this may lead to an extended holding period and lack of profittaking in an undoubtedly competitive investment environment.





OPTIMISTIC VIEW ON OWN PORTFOLIO MIGHT RESTRICT LIQUIDITY







For more informatoin, contact:

Håvard Bjorå, FRICS Head of Research Nordics Mobile: +47 47 96 96 60 havard.bjora@cushwake.com



Cushman & Wakefield

PO Box 3637 SE-103 59 Stockholm Visiting address: Regeringsgatan 59 Phone: +46 (0)8-671 34 00

www.cushmanwakefield.com

Disclaimer

This report has been produced by Cushman & Wakefield for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. The data contained in this report is based upon that collected by Cushman & Wakefield. Our prior written consent is required before this report can be reproduced in whole or in part.

©2019 Cushman & Wakefield