## CUSHWAKE INVESTOR CONFIDENCE INDEX Q12023

# 250 INVESTMENT PROFESSIONALS ASKED 113 INVESTMENT PROFESSIONALS ANSWERED REPRESENTING 61 DIFFERENT INVESTORS IN THE NORWEGIAN MARKET

## EXPECTATIONS FOR THE NEXT SIX MONTHS

The survey was conducted in week 1-2





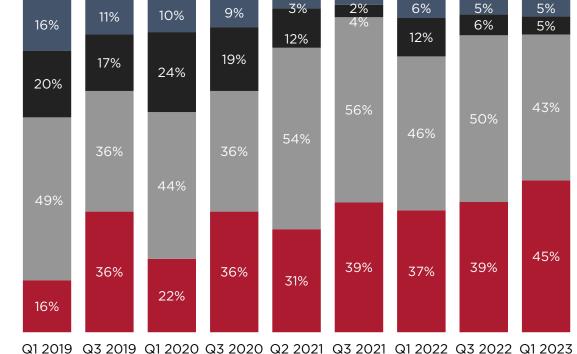
#### MAIN SURVEY CONCLUSIONS

#### Investor expectations for the next 6 months

- The worst shock has passed, and more investors are now looking at opportunities
- ✓ A small number plan to sell
- ✓ Investors more concerned about demand for office and logistics
- ✓ Prime yields expected to increase further in all segments
- ✓ Most investors still expecting difficult financing conditions
- $\checkmark$  Investors expecting negative value impact from higher yields
- $\checkmark$  Investors believe the office segment will perform best
- ✓ More investors have sustainability as part of their formalized investor prerequisite
- $\checkmark\,$  Investors willing to pay a premium for sustainability



## DO YOU CONSIDER SUSTAINABILITY CLASSIFICATIONS WHEN INVESTING IN REAL ESTATE?



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■No

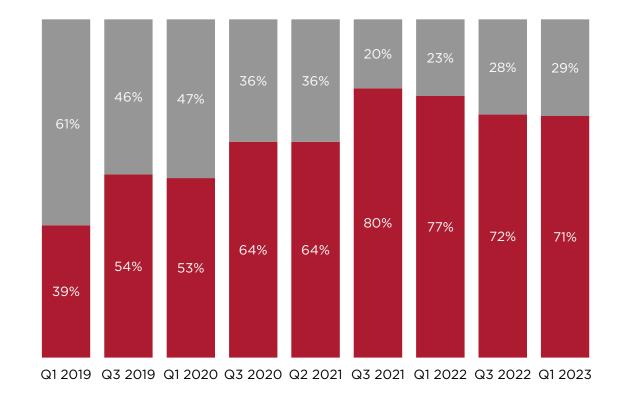
■Yes, but not important

■ 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?

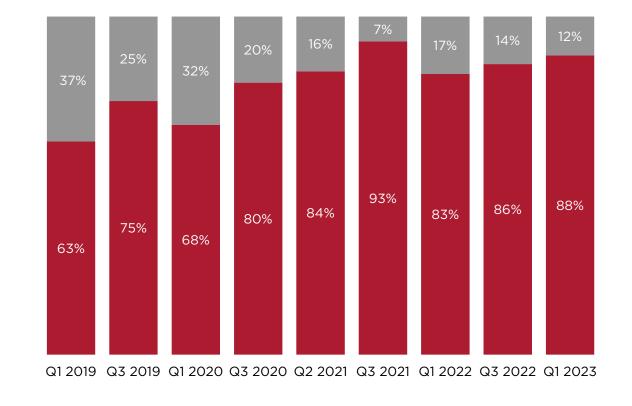


Yes

■ No



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



Yes

■ No

0



## What do you think will characterize the transaction market going 6 months forward?

Low volume due to macroeconomic uncertainty

"We will see a slow market in Q1, and if SWAP rates stabilize, the volume will pick up towards the spring"

"...a recession will be a wild card during this time" Financing continues to weigh heavy on the market. Refinancing risk can lead to opportunities

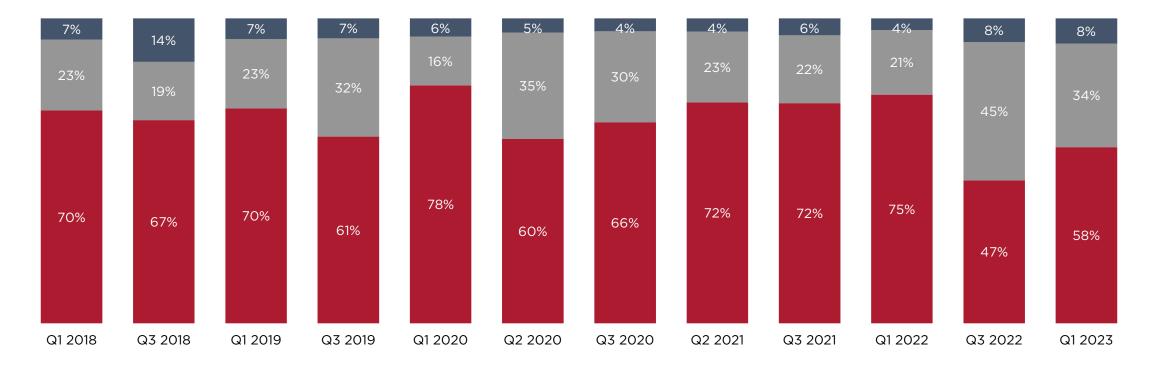
### Bid/ask spread expected to decrease

"Financing will be a big issue, expect lower transaction value"

"The market will be slow, expect refinancing and covenants to force some sell offs" "New yield level will be set in first half of 2023. The bid/ask spread will decrease. More normalized market and increasing volume"

#### THE WORST SHOCK HAS PASSED AND MORE ARE NOW LOOKING AT OPPORTUNITIES

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



Increase: more acquisition than disposal

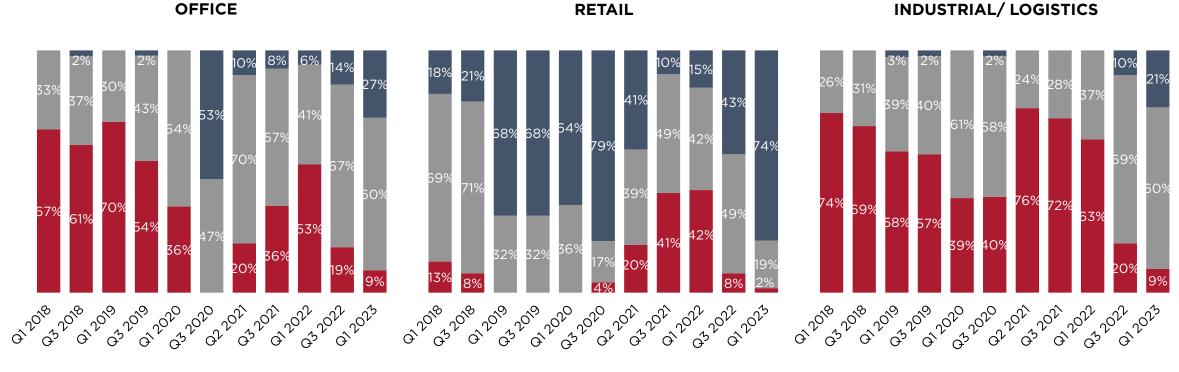
Stable: as much disposal as acquisition

Decrease: more disposal than acquisition



#### INVESTORS ARE MORE CONCERNED ABOUT DEMAND

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



#### Improve

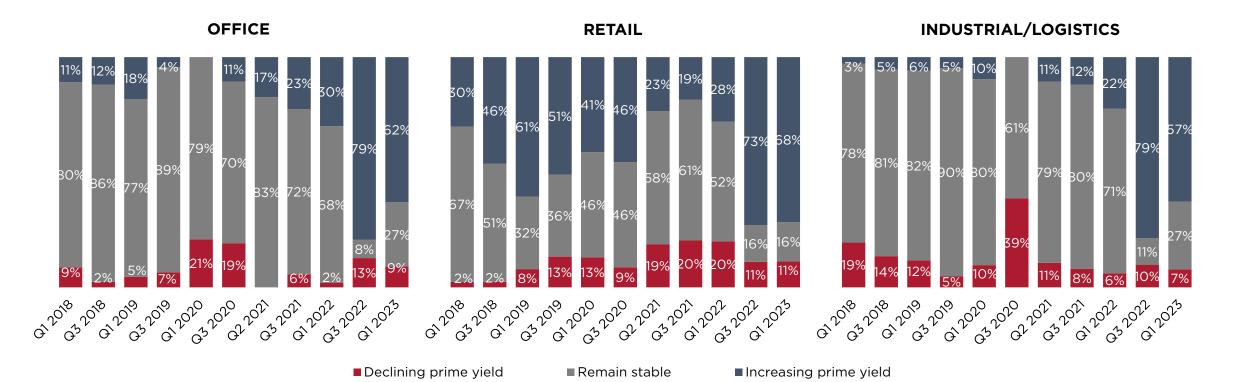
Show little or no change

Worsen



#### PRIME YIELDS EXPECTED TO INCREASE FURTHER IN ALL SEGMENTS

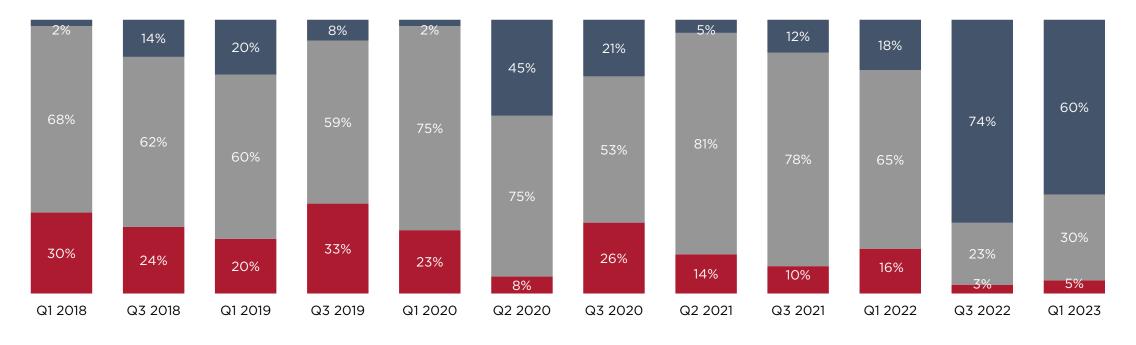
Prime yield during the next 6 months will:





#### INVESTORS STILL EXPECT DIFFICULT FINANCING CONDITIONS

Outlook for financing of new acquisitions or refinancing of existing properties



Improved conditions

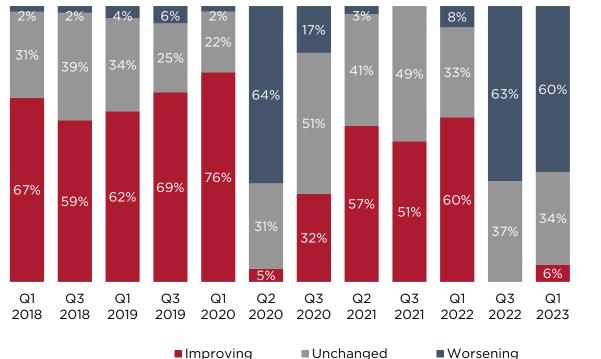
Unchanged conditions

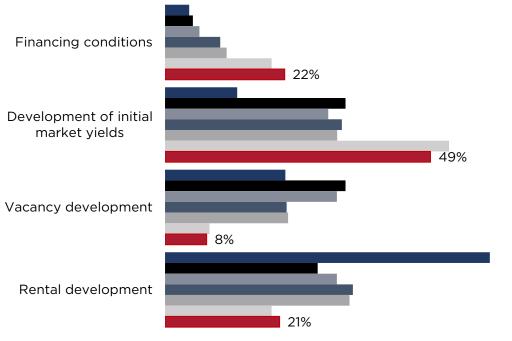
Worsened conditions



#### INVESTORS EXPECTING NEGATIVE IMPACT FROM HIGHER YIELDS

Portfolio value developing and influencing factors over the next 6 months



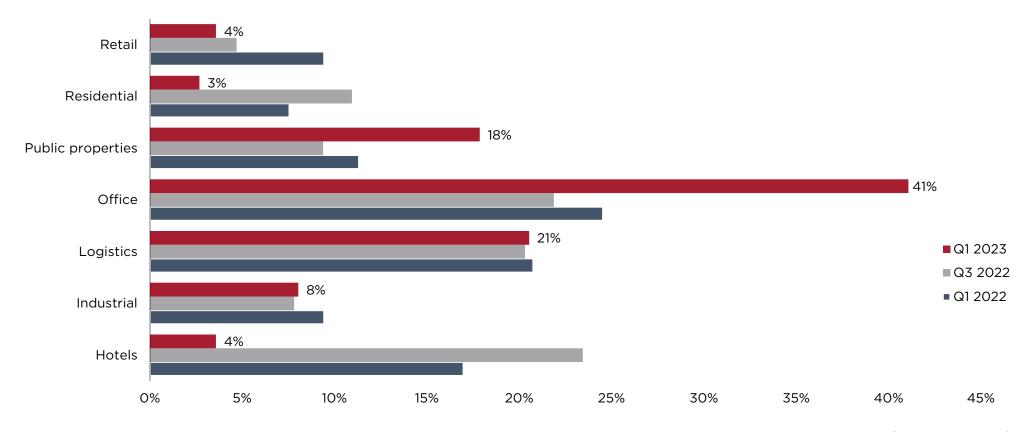


■ Q1 2020 ■ Q3 2020 ■ Q2 2021 ■ Q3 2021 ■ Q1 2022 ■ Q3 2022 ■ Q1 2023



#### **INVESTORS BELIEVE OFFICE WILL PERFORM BEST**

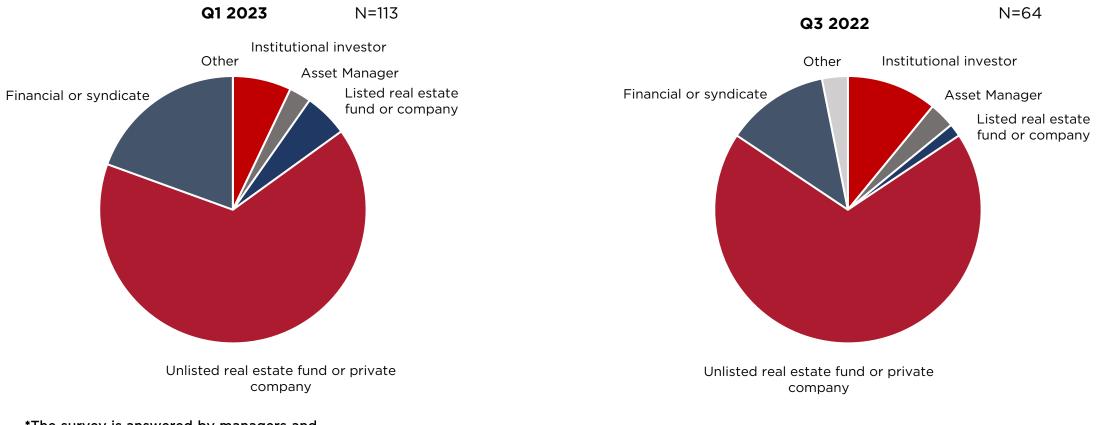
Which segment do you consider to have the best potential to perform well over the next 6 months?





#### ABOUT THE SURVEY: PARTICIPANTS AND NUMBER OF RESPONSES

What kind of organization are you working for?



\*The survey is answered by managers and investment managers.



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