

MARKET UPDATE Q1 2025



**CUSHMAN &
WAKEFIELD**

Realkapital

MARKET UPDATE

Q1 2025

MACRO

- Uncertain macro environment and volatile interest rate expectations
- Economic growth and robust rental markets

TRANSACTION MARKET

- Better investor sentiment and continued improvement in financing market
- Transaction volume of NOK 84 bn in 2024

OFFICE MARKET

- Robust office market despite flat rental growth and increased vacancy
- Attractive city centre triggers investment in new construction

RETAIL

- Increased purchasing power to increase consumption
- Positive sentiment shift among retailers

LOGISTICS

- Sideways in the rental market
- Liquid segment with broad investor appeal

RESIDENTIAL

- Price growth in existing housing, while rental growth subdues
- New housing sales are increasing and will lead to more new construction

GLOBAL UNREST BUT SIGNS OF INCREASING ECONOMIC GROWTH

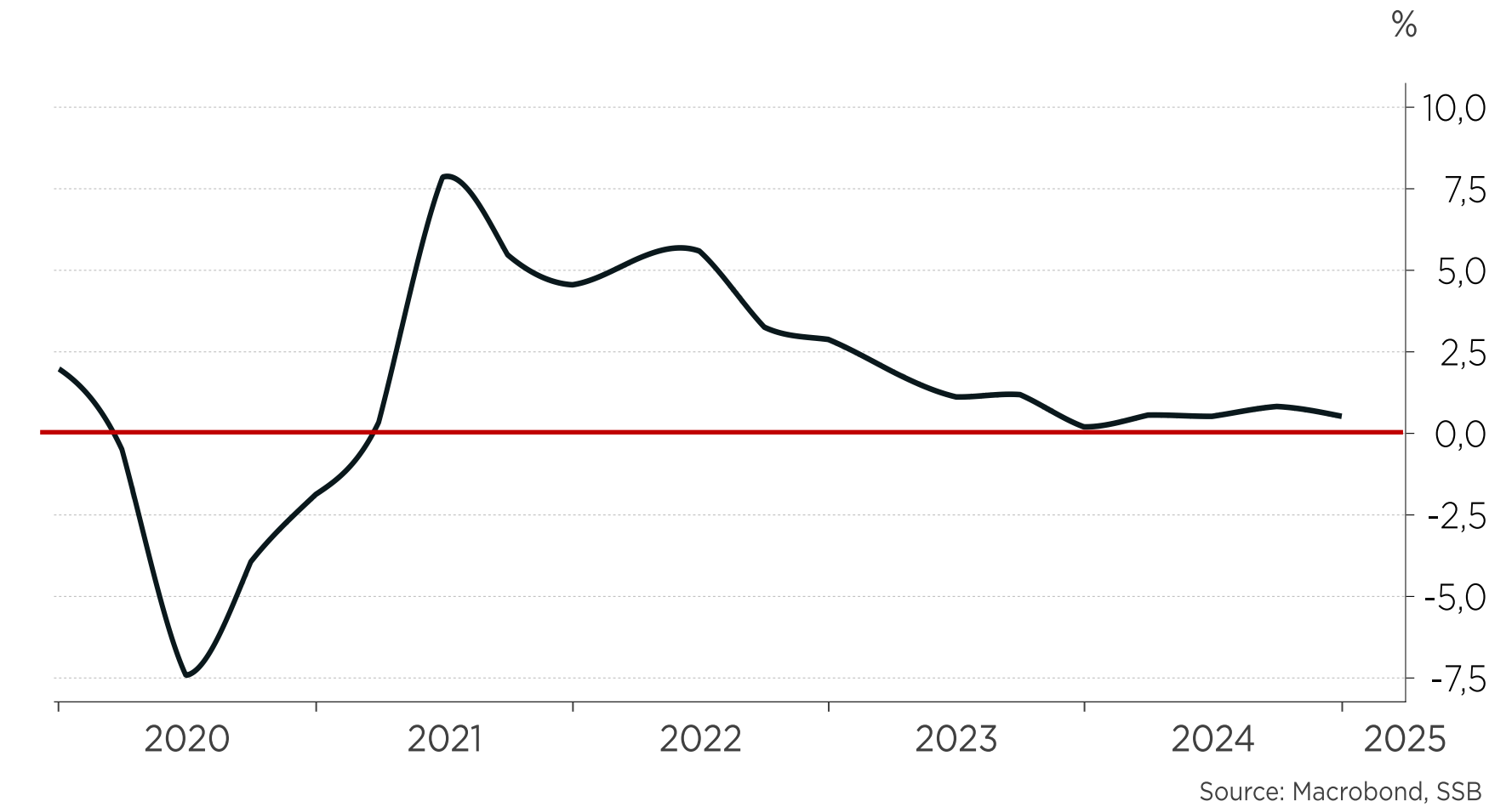
The turbulent global macroeconomic landscape has led to volatile interest rate expectations and increased uncertainty. A potential trade war could drive up inflation while dampening economic growth. However, the Norwegian economy remains stable with low unemployment but also low growth. Increased purchasing power is boosting retail trade and leading to increased housing construction. Lower inflation and interest rate cuts among our trading partners provide Norges Bank with room for its first rate cut in March. While long-term interest rates remain volatile, are expectations of lower global growth currently pushing them lower. The transaction market is normalizing, supported by a positive financing market. Flat yield development, low rental growth, and slightly higher vacancy rates lead us to expect flat to mildly positive property value development in 2025.

MACRO

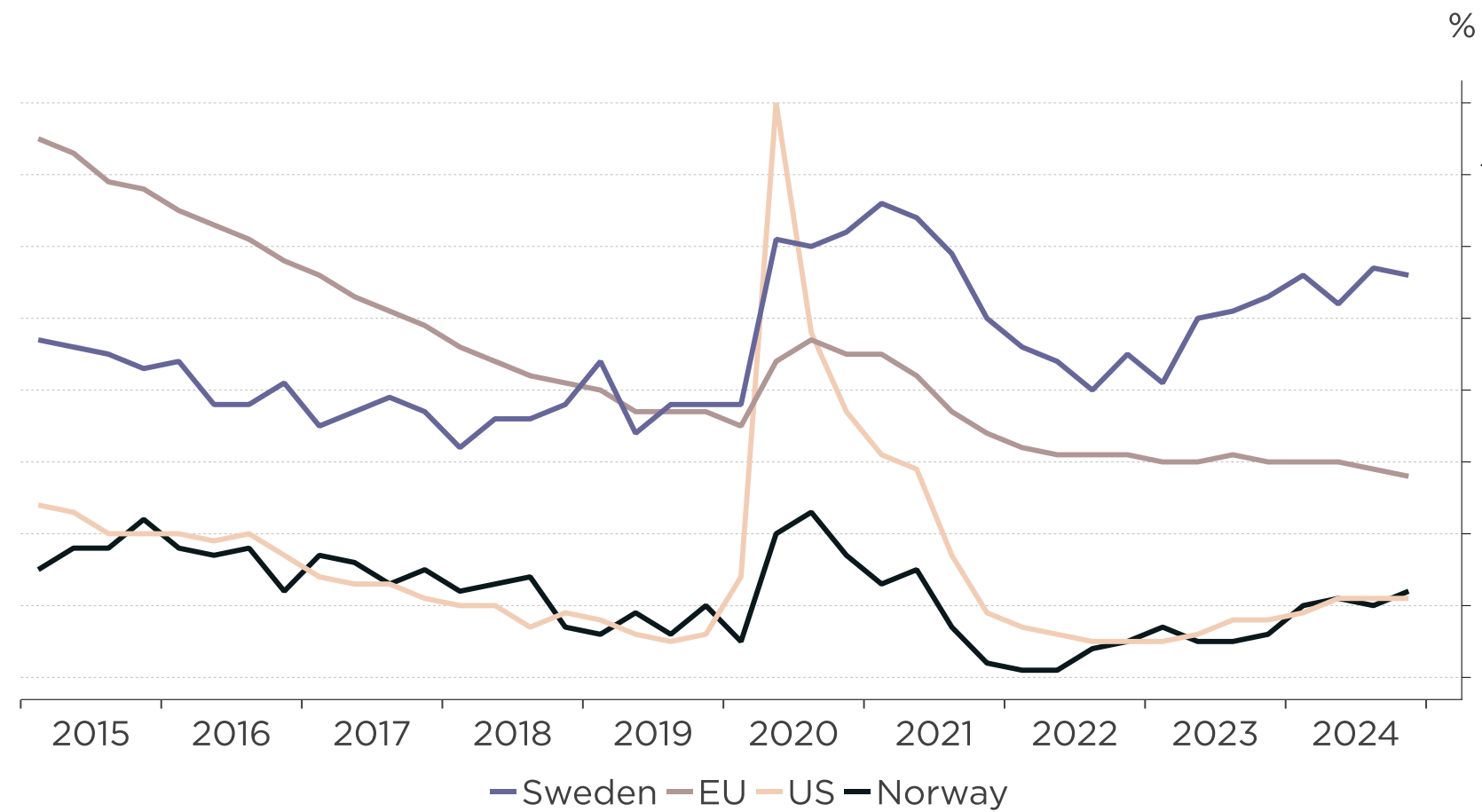
Uncertain macro environment but robust Norwegian economy

- Global uncertainty caused by dramatic shifts in American trade- and foreign policy – expectations of increased inflation and lower growth
- Norwegian economy characterized by low growth, low unemployment and large differences between industries
- Construction of new housing to pick up throughout this year
- First interest rate cut to come in March, followed by two more in 2025 – significant increase in private consumption to come
- Volatile long-term interest rates

GDP MAINLAND NORWAY. VOLUME GROWTH (Y/Y)



UNEMPLOYMENT (SEASONALLY ADJUSTED)



NOK 5 YEAR SWAP VS 10 YEAR US

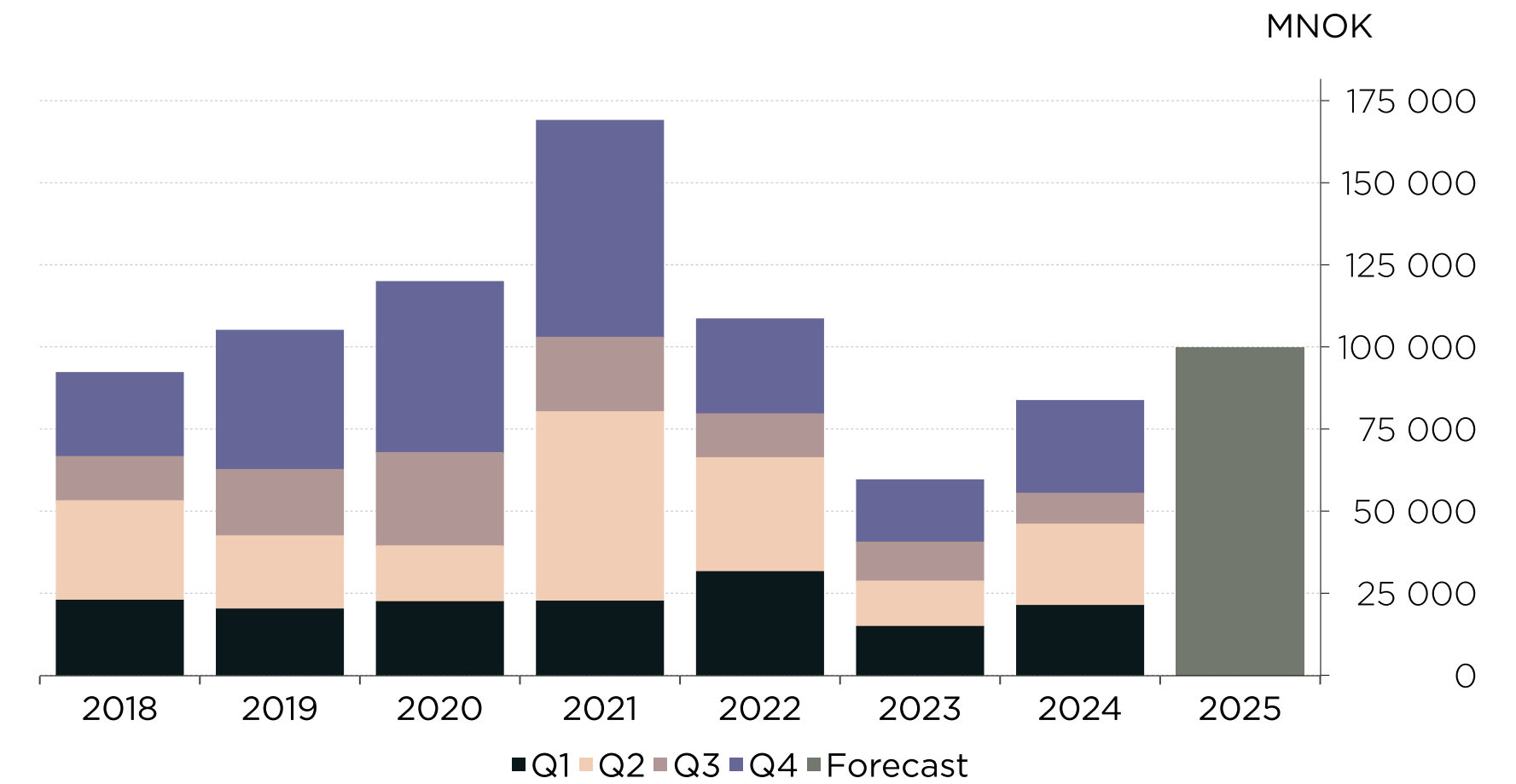


TRANSACTION MARKET

Market is normalizing

- Transaction volume of NOK 84 bn in 2024
- Broad based improvement in the transaction market, driven by improved investor sentiment and improvements in the financing market
- Commercial real estate an attractive asset class going forward, more funds to shift from stocks to CRE
- Prime (office) yield flat at 4.50%, level confirmed by transactions

TRANSACTION VOLUME



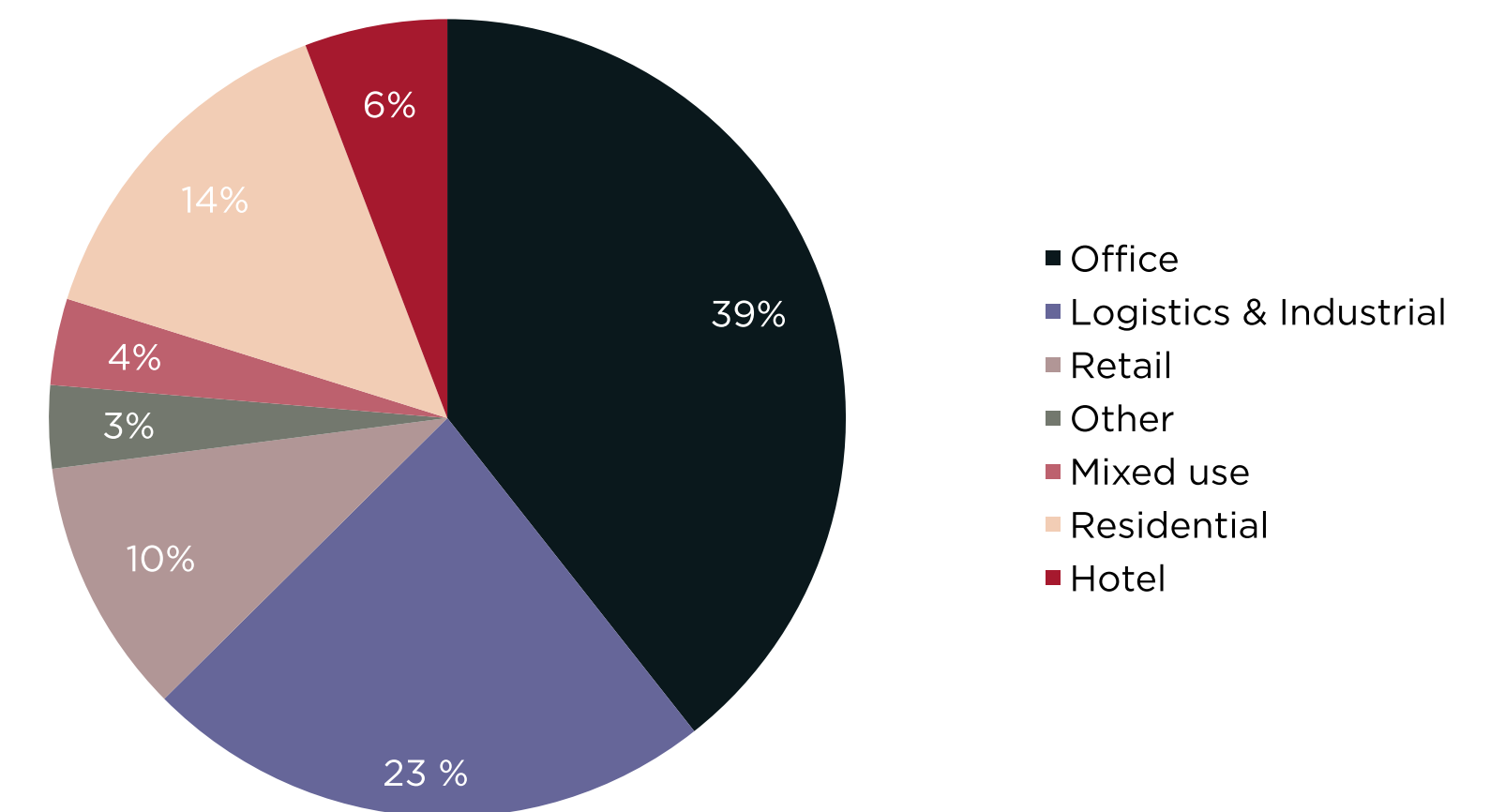
Source: CWR

PRIME YIELD



Source: CWR

TRANSACTION VOLUME BY SEGMENT (2024)

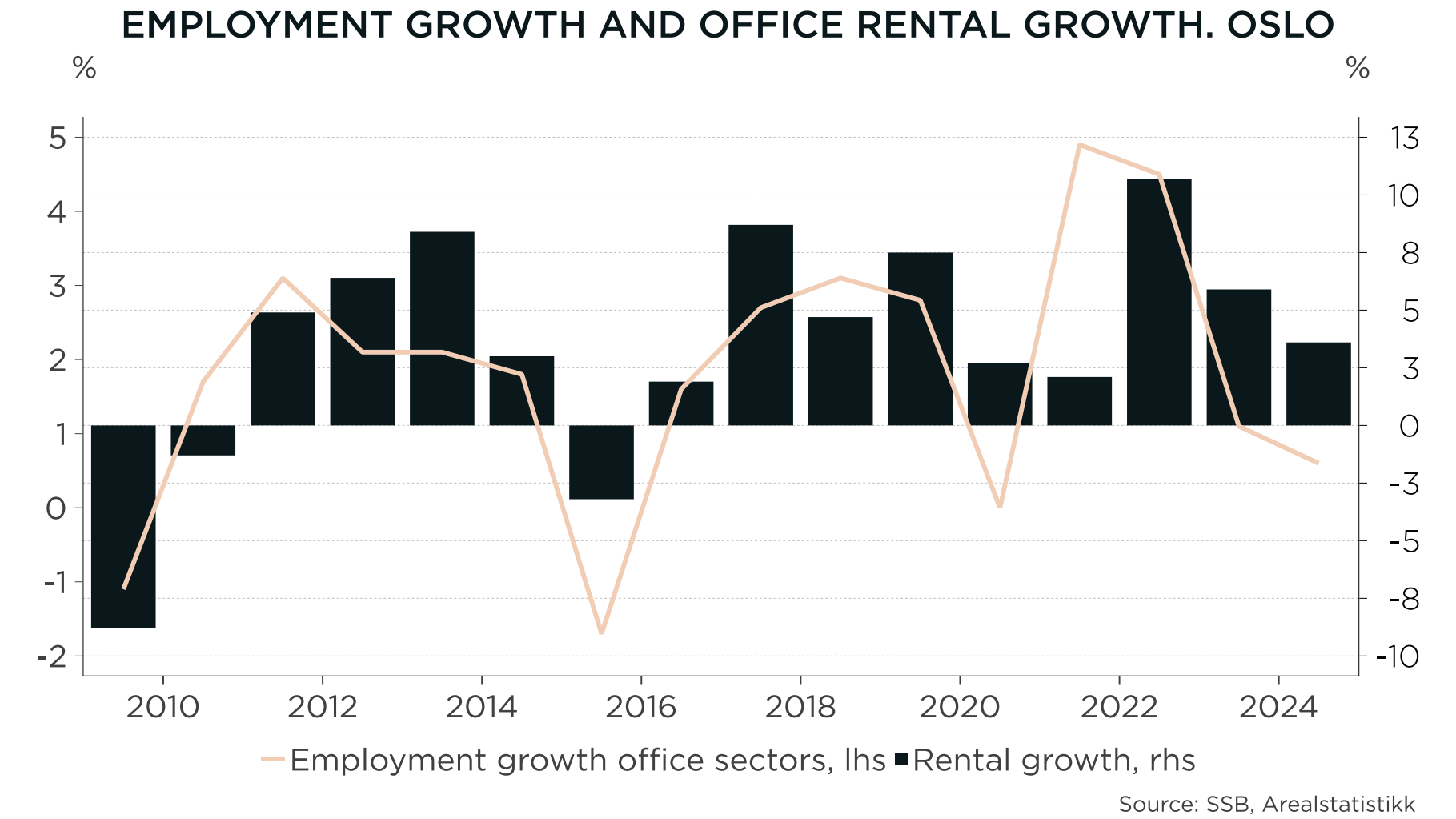


Source: CWR

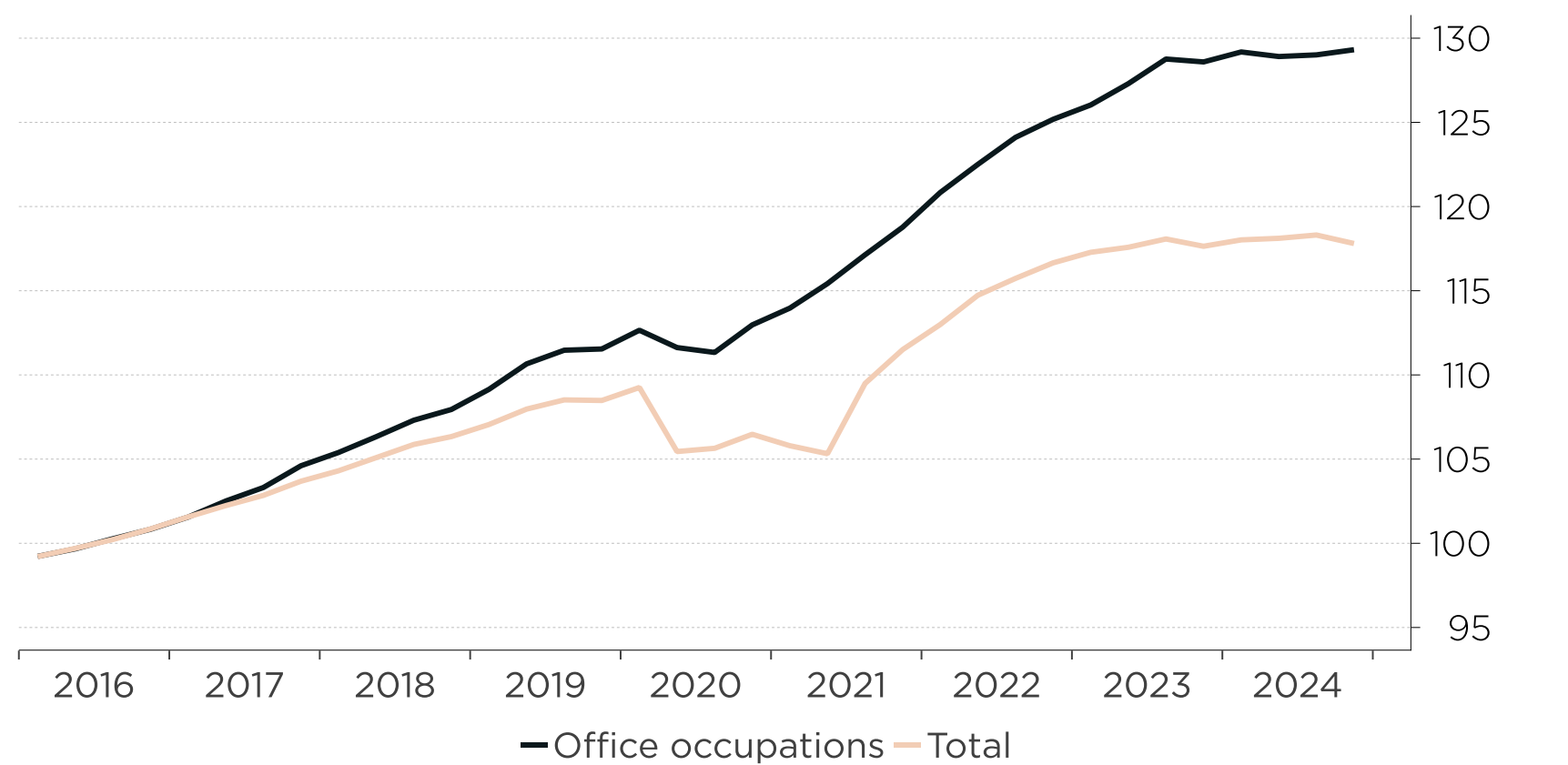
OSLO OFFICE MARKET

Attractive city centre triggers new construction

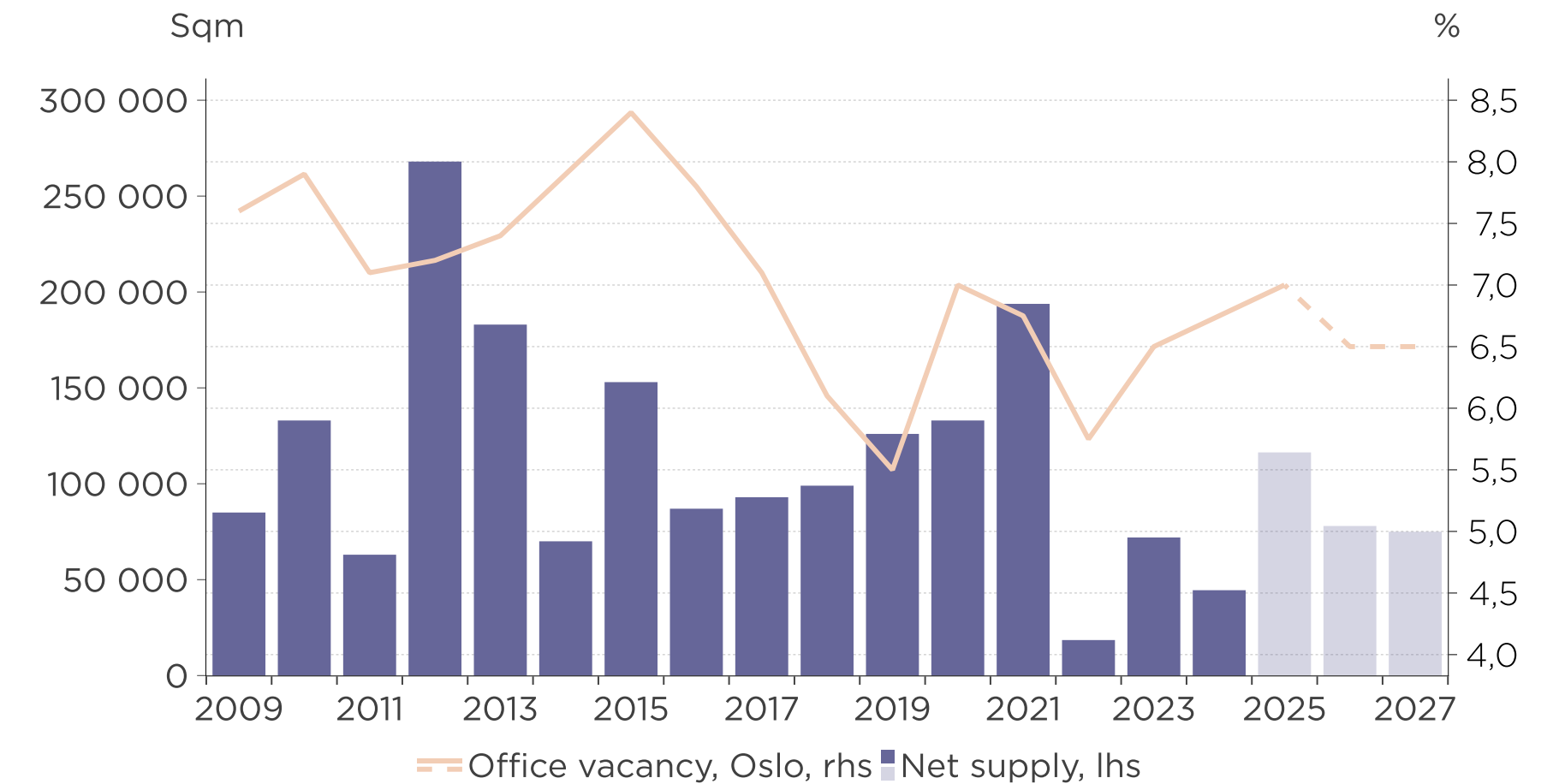
- Slow start to the new year
- Vacancy increased from 6.75% to 7.00%
- Still a robust office market due to low new supply, few companies that are downsizing and some growth in “office sectors”
- Labour market moving sideways with continued low unemployment
- CPI adjustment of 2.4% in January 2025 - we expect about the same in January 2026



NUMBER OF EMPLOYEES. OSLO (SEASONALLY ADJUSTED)
Index (2016=100)



OFFICE VACANCY AND NET SUPPLY. OSLO



OFFICE MARKET OSLO

LYSAKER

High std: 2 700 - 3 200
Moderate std: 2 100
Prime Yield: 5,50 %
Vacancy: 8 %
*New construction 25-27:
0 m²

FORNEBU

High std: 2 100 - 2 400
Moderate std: 1 800
Prime Yield: 5,90 %
Vacancy: 15 %
*New construction 25-27:
0 m²

CBD

High std: 5 600 - 6 400
Moderate std: 4 300
Prime Yield: 4,50 %
Vacancy: 7 %
*New construction 25-27:
0 m²

CBD2

High std: 4 800 - 5 700
Moderate std: 4 200
Prime Yield: 4,75 %
Vacancy: 2 %
*New construction 25-27:
1 000 m²

SKØYEN

High std: 3 500 - 4 250
Moderate std: 2 800
Prime Yield: 5,00 %
Vacancy: 7 %
*New construction 25-27:
0 m²

MAJORSTUEN

High std: 3 500 - 4 100
Moderate std: 2 600
Prime Yield: 5,25 %
Vacancy: 3 %
*New construction 25-27:
0 m²

SENTRUM

High std: 4 100 - 5 400
Moderate std: 3 200
Prime Yield: 4,90 %
Vacancy: 7 %
*New construction 25-27:
68 000 m²

HELSEFYR

High std: 2 400 - 2 900
Moderate std: 1 900
Prime Yield: 5,60 %
Vacancy: 14 %
*New construction 25-27:
9 000 m²

BRYN

High std: 2 100 - 2 600
Moderate std: 1 600
Prime Yield: 6,00 %
Vacancy: 11 %
*New construction 25-27:
19 000 m²

NYDALEN/STORO

High std: 2 400 - 2 900
Moderate std: 1 950
Prime Yield: 5,50 %
Vacancy: 10 %
*New construction 25-27:
0 m²

ØKERN/HASLE

High std: 2 200 - 2 700
Moderate std: 1 600
Prime Yield: 5,75 %
Vacancy: 12 %
*New construction 25-27:
85 000 m²

REGIONAL CITIES

Solid rental markets

BERGEN

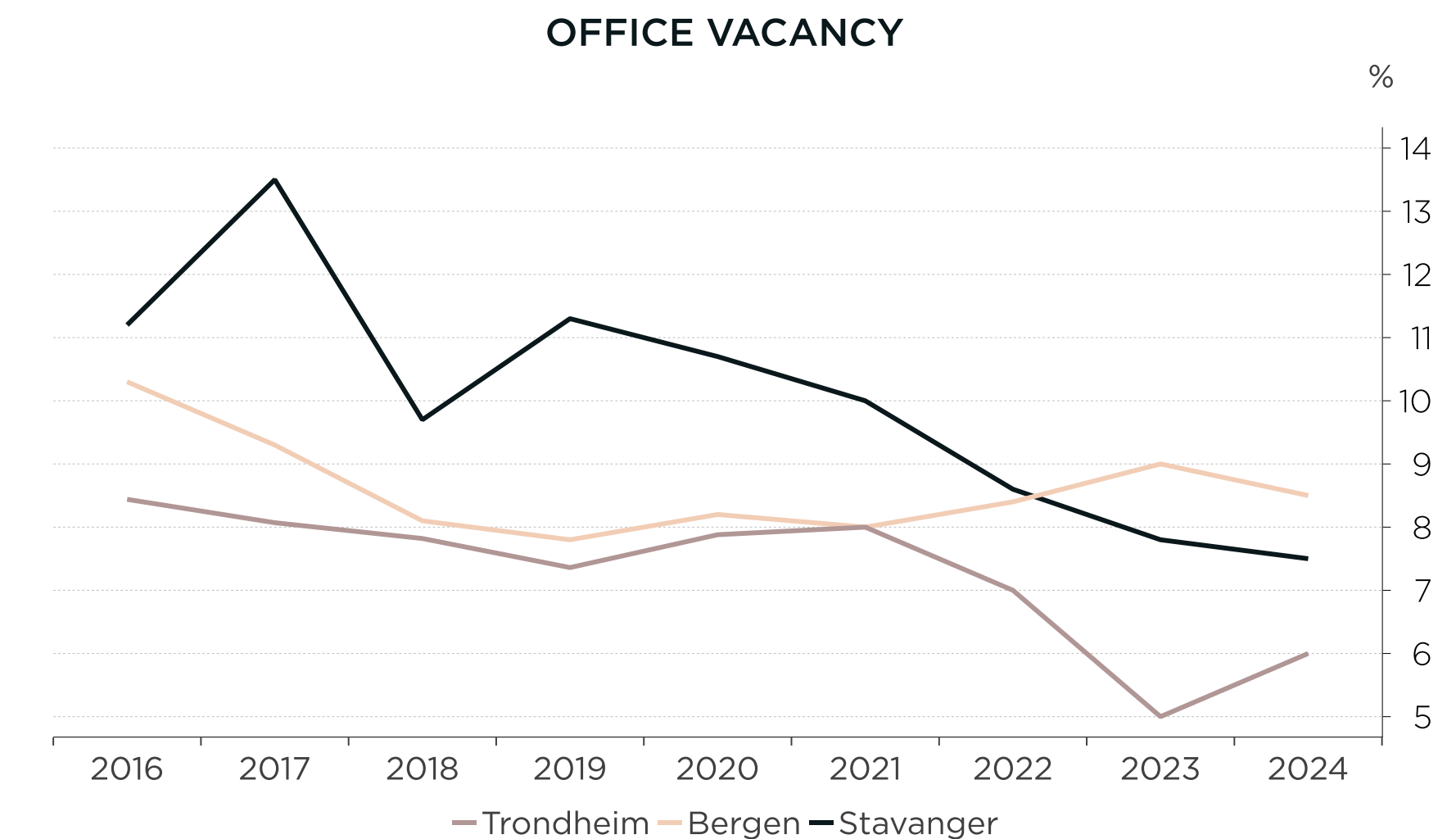
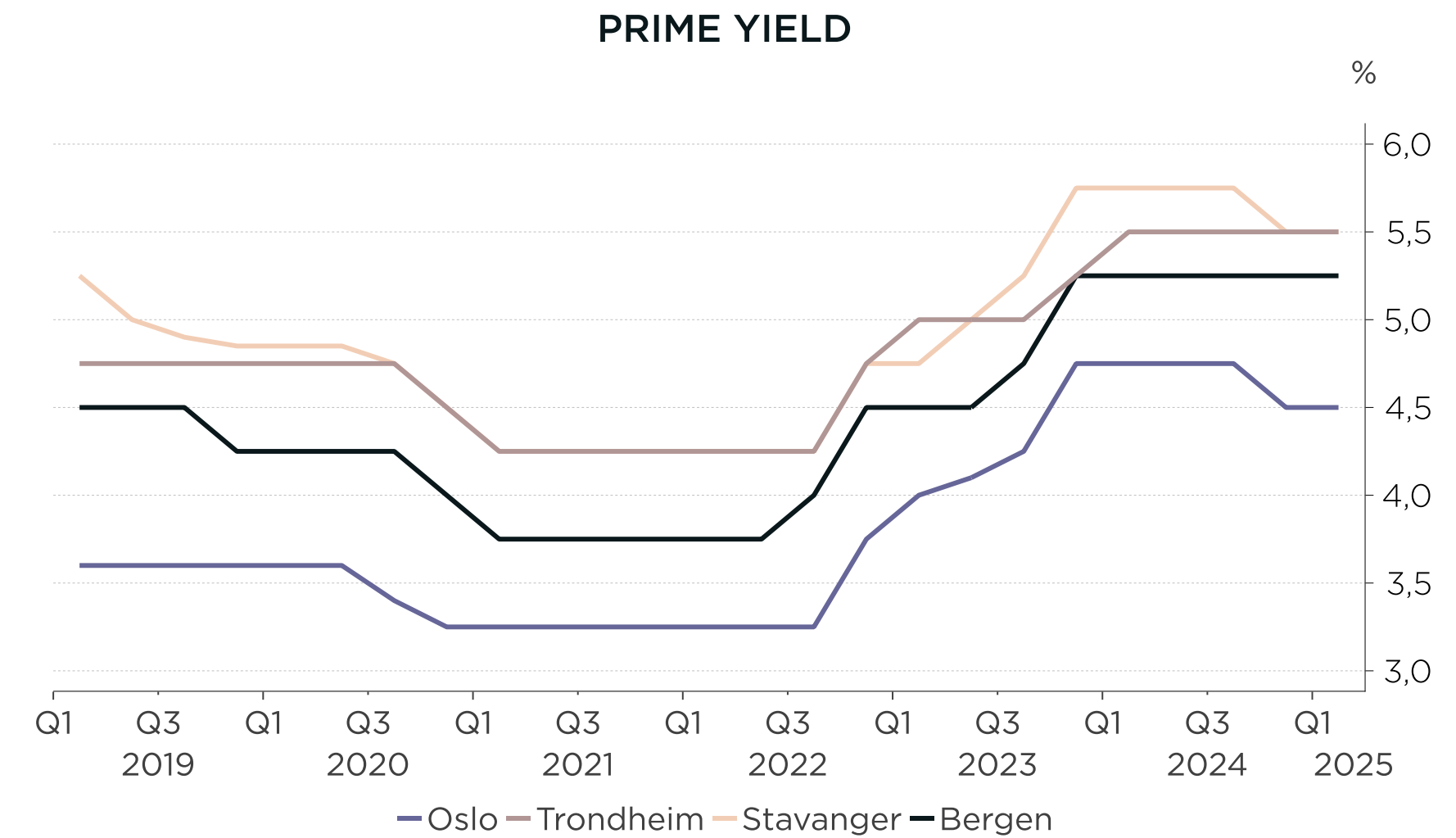
- Investor consensus that the yields have passed their peak
- Vacancy at 8.3%, but varies significantly between areas
- High rental growth of 9% in 2024, but the growth slowed through the year

TRONDHEIM

- Entra and KMC deals drove the transaction volume to a record high in 2024
- Vacancy increased to 7.3%, but low new supply ensures no further increase
- Solid rental growth of approx. 6% in in 2024

STAVANGER

- Increased transaction volume in 2024
- Vacancy at its lowest since 2014 at 7.60%
- No rental growth in H2 2024, but strong rental growth in H1 2024



RETAIL

Increased purchasing power to boost consumption

- Real wage growth and interest rate cuts will boost private consumption in 2025
- Demand for consumer durable goods to pick up
- Positive sentiment shift among retailers
- Strong start to the year for shopping centres

RETAIL SALES INDEX. VOLUME

Index (2015=100)



Source: Macrobond, SSB

PRIVATE CONSUMPTION

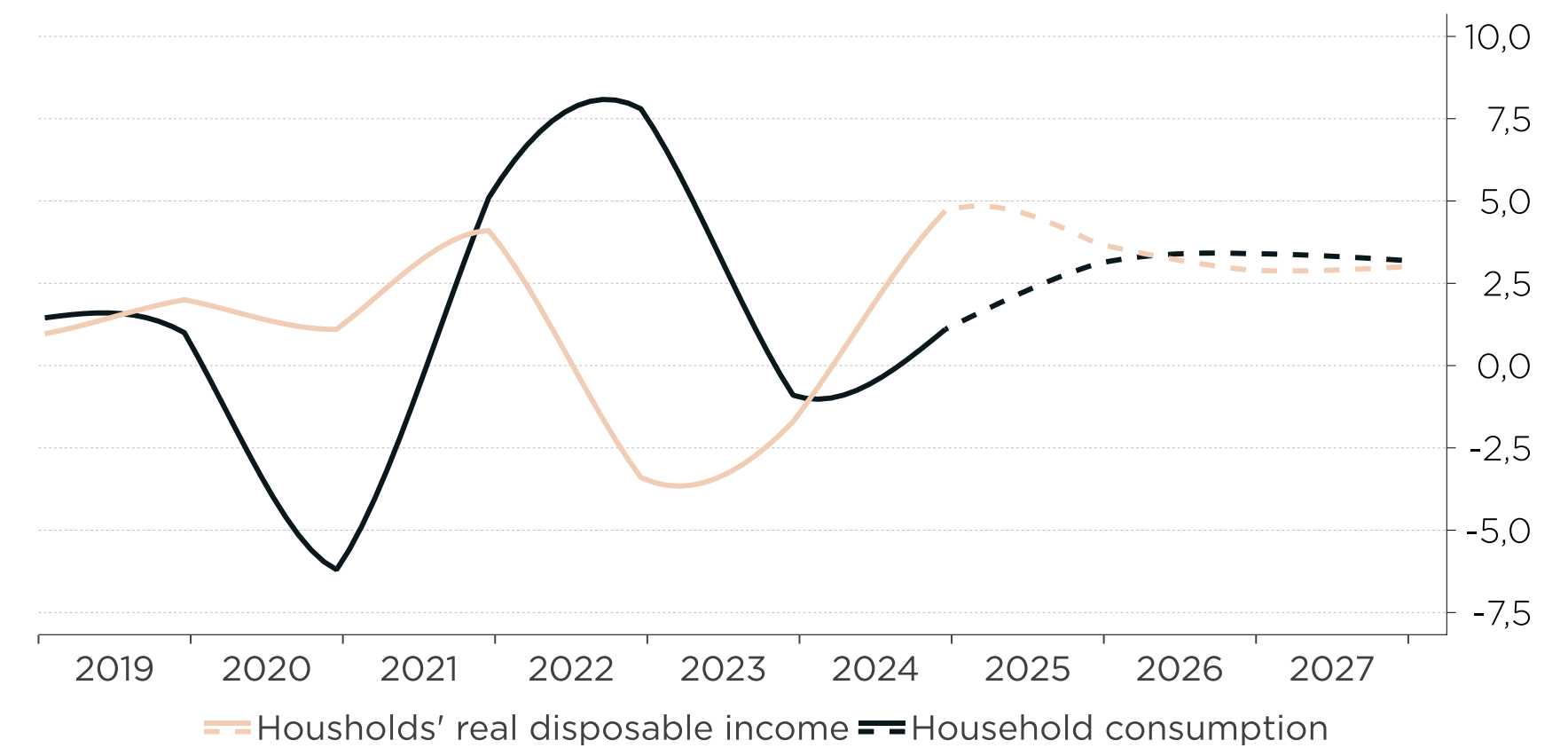
bNOK



Source: Macrobond, SSB

CONSUMPTION (VOLUME GROWTH) AND REAL DISPOSABLE INCOME

%



Source: SSB

*NOK=Norwegian currency

LOGISTICS

Strong transaction market but flat leasing market

- Weaker demand from tenants leading to no rental growth
- High construction and financing costs, combined with higher return requirements, means new construction is low
- Prime yield unchanged at 5.75% - the equity buyers that have put downward pressure on the office yields have not been as active in the logistics segment
- Segment continues to be liquid and attract interest from a broad set of investors

Logistics rent in Greater Oslo. Q4 2024*

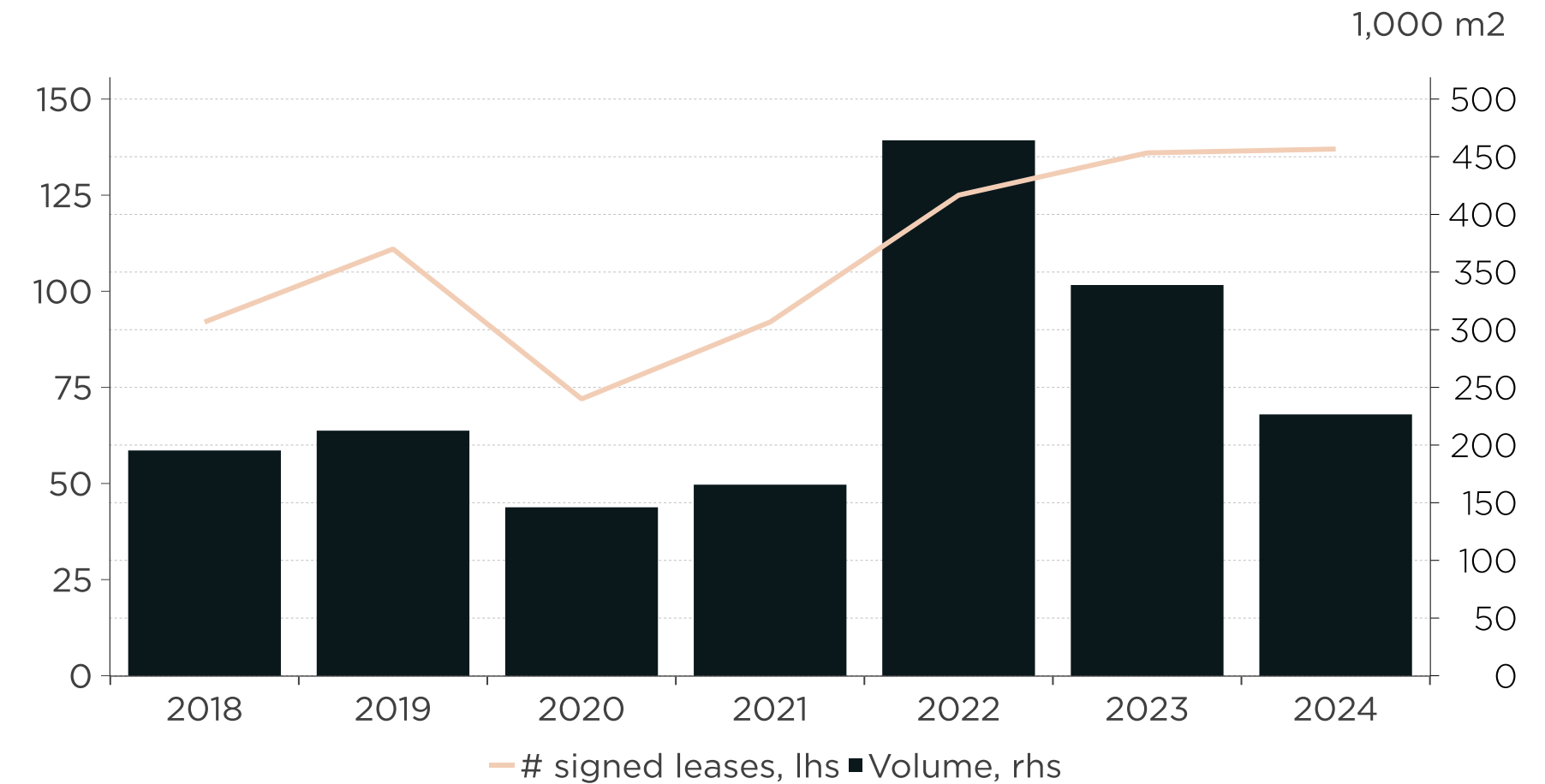
	AVERAGE RENT	25% HIGHEST	MID 50%	25% LOWEST
Oslo West	1 430	1 970	1 420	930
Oslo South	1 340	1 790	1 330	910
Oslo North	1 460	1 950	1 430	1 080
Groruddalen	1 340	1 910	1 270	910

* Leases signed during the last 12 months, as of 31.12.24.

** Oslo West is the western corridor towards Drammen. Oslo North includes Lørenskog, Lillestrøm, Kløfta, Jessheim, and Gardermoen. Oslo South includes Ski, Moss, Langhus, and Drøbak.

Source: Arealstatistikk.

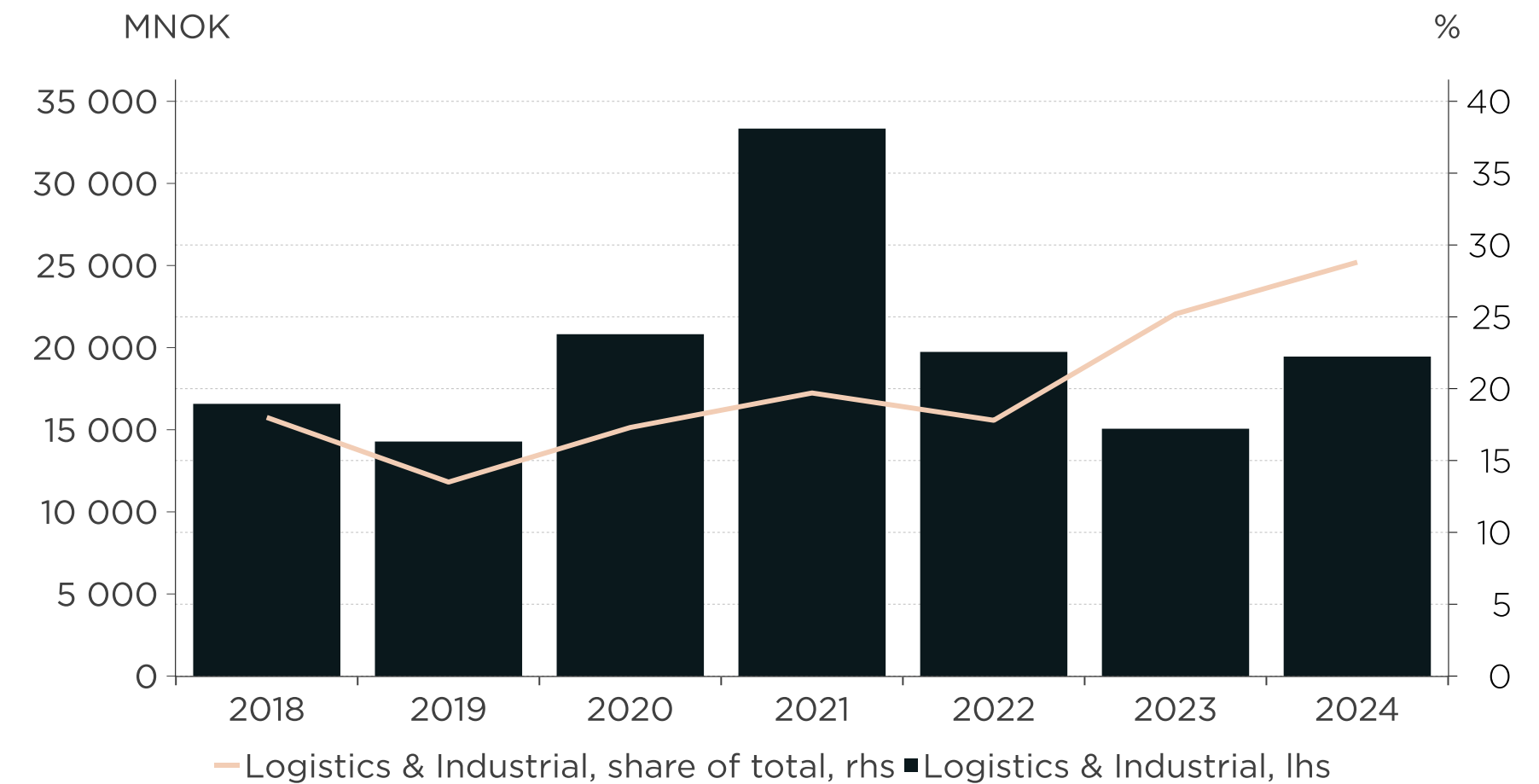
LOGISTICS. SIGNED LEASES. GREATER OSLO



Source: Arealstatistikk

Arealstatistikk's coverage is approximately 40-50% of the total market. As such, the above figure does not represent the total logistics market in Greater Oslo.

TRANSACTION VOLUME



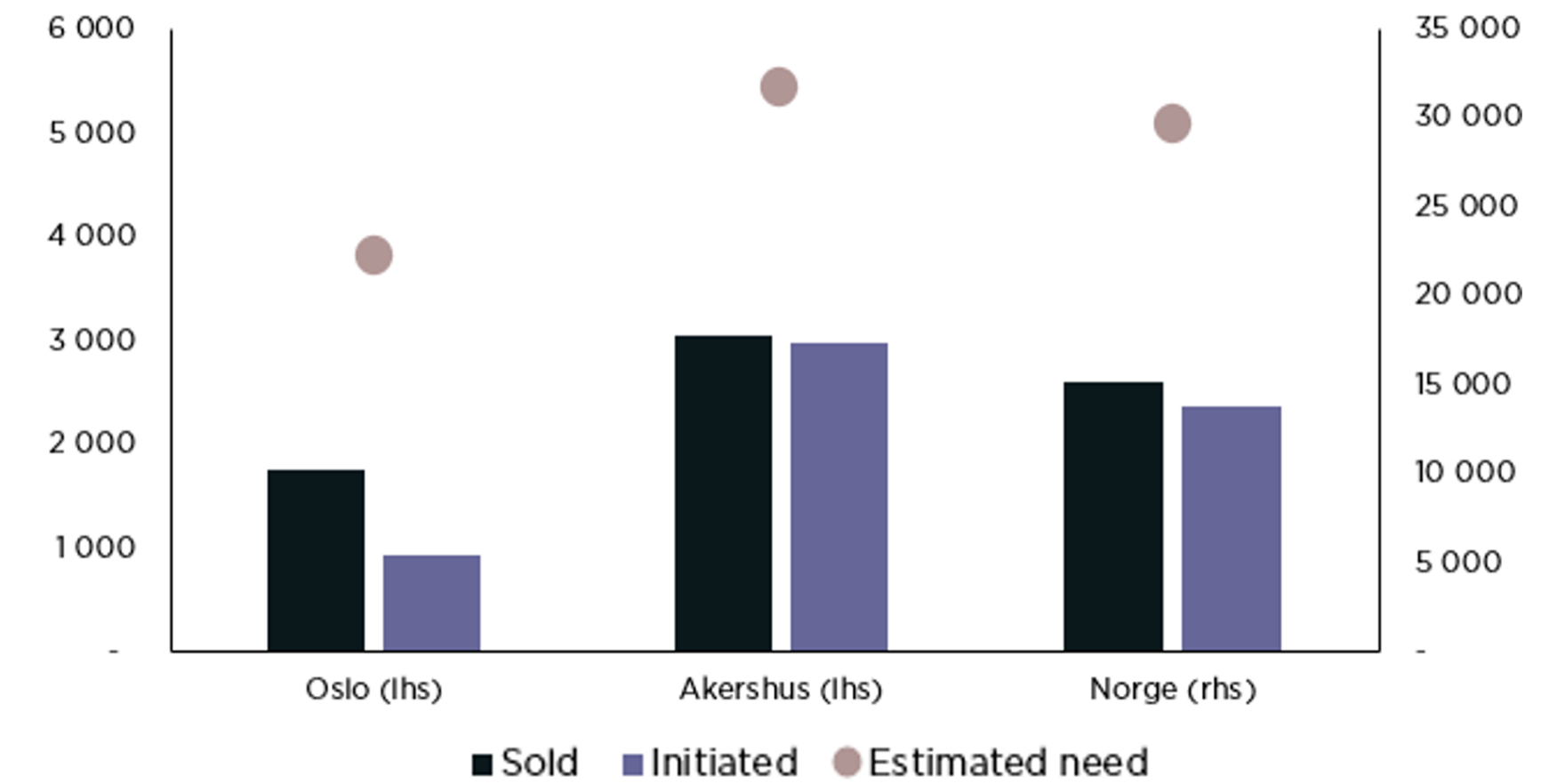
Kilde: CWR

RESIDENTIAL

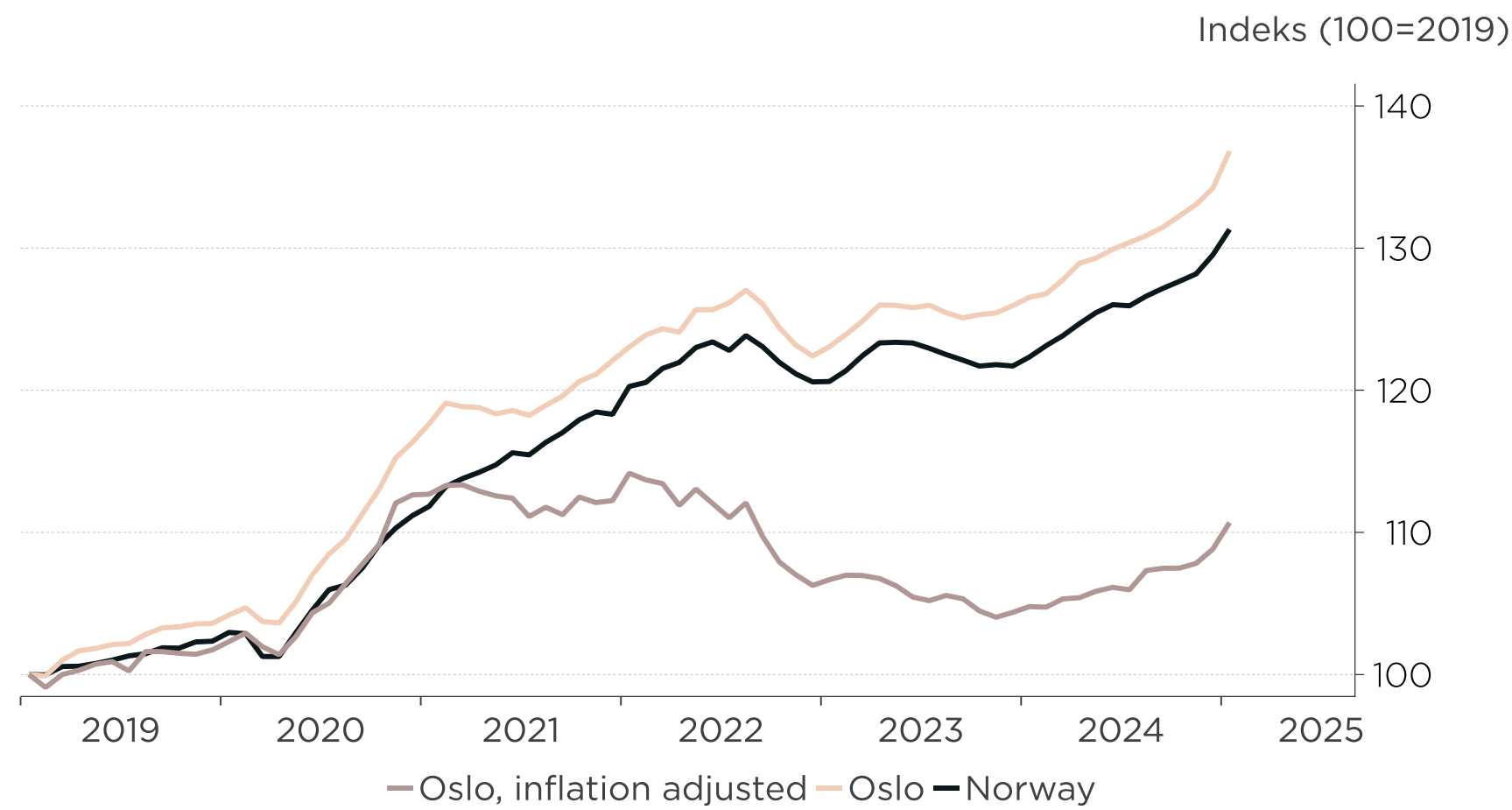
Strong growth in existing housing prices

- Significant growth in existing housing prices in January
- New housing sales is past its trough
- The strong rental growth has slowed, and the annual growth in 2024 was 5-6% in Oslo
- Increased purchasing power and interest rate cuts will drive a further increase in housing prices through 2025

SOLD AND INITIATED PAST 12 MONTHS. NEW HOUSING JANUARY 2025

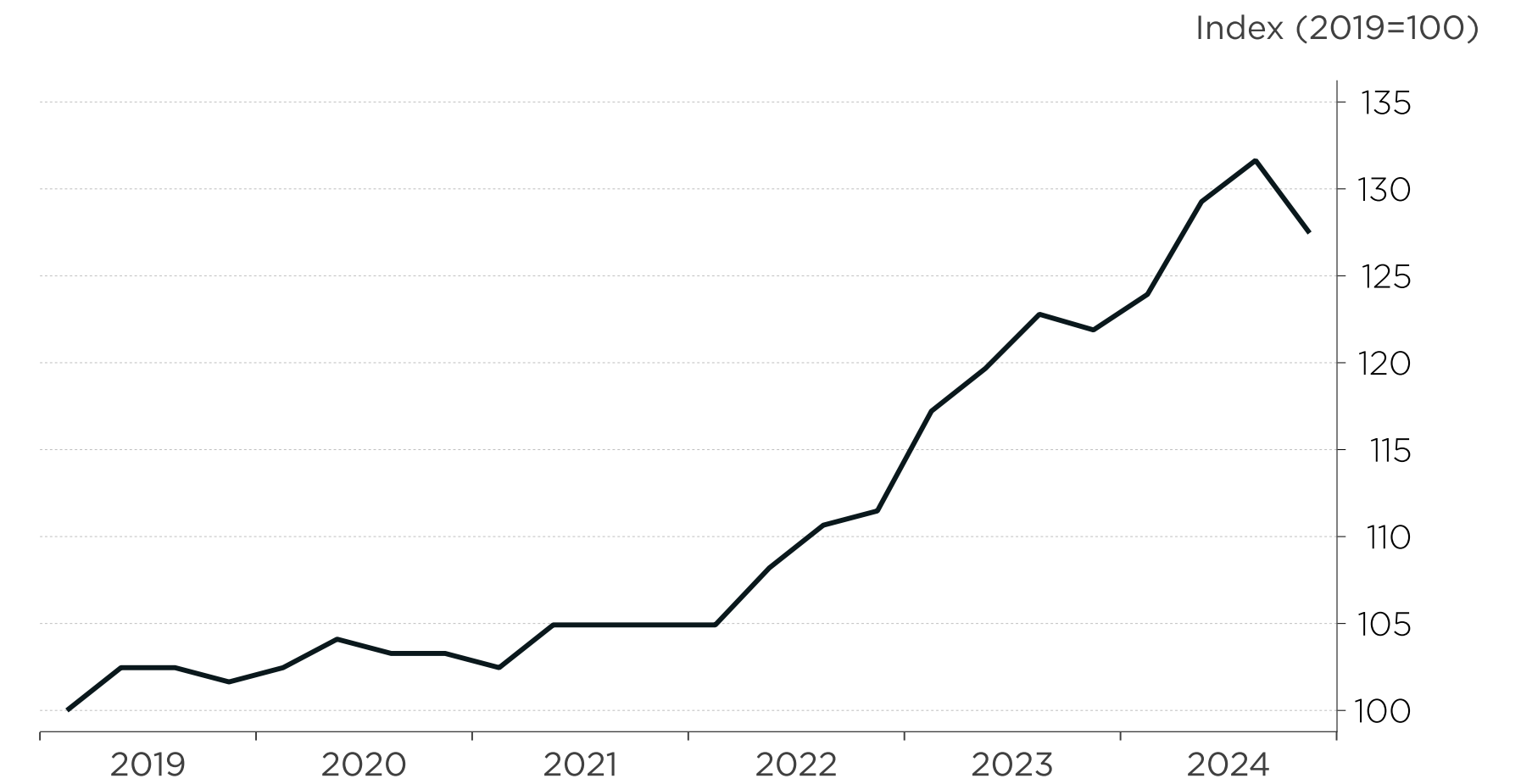


HOUSING PRICES. MONTHLY



Source: Eiendom Norge, SSB

HOUSING RENTS. OSLO



Source: Eiendom Norge



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