



MARKET UPDATE Q2 2024

REAL ESTATE VALUES TO REVERSE NEGATIVE TREND

The rate cuts have been postponed and will be fewer in number. The growth in the Norwegian economy has slowed, although at a high activity level. Inflation is slowly coming down, but the core inflation rate is way above target. We expect to see the first rate cut in December. A strong labour market and sticky inflation in the US have pushed long-term interest rates higher. Landlords' revenues are supported by solid rental markets. Increased purchasing power lay the basis for potential renewed growth in retail trade. Yields moving sideways, low vacancy, and rental growth make 2024 the year where the development in real estate values again turn positive.

MARKET UPDATE

Q2 2024

MACRO

- Households and businesses handling the interest rate level well
- We expect the first rate cut in December

TRANSACTION MARKET

- Slow transaction market so far this year - activity to pick up
- Prime yield unchanged at 4.75% - to stay unchanged throughout the year

OFFICE MARKET

- Solid office market - we expect moderate rental growth this year
- High share of renegotiations means less activity in leasing market

RETAIL

- Retail doing far better than expected
- Consumption growth might turn positive towards the end of the year

LOGISTICS

- Rental market still solid with decent rental growth
- Prime yield unchanged at 5.75%

RESIDENTIAL

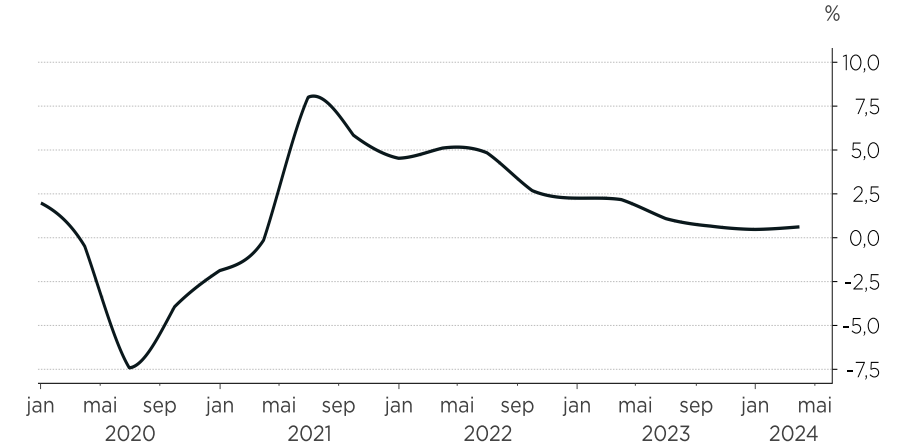
- Existing housing prices rising - small increase in sale of new housing
- Timing seems good for development projects

MACRO

Soft landing

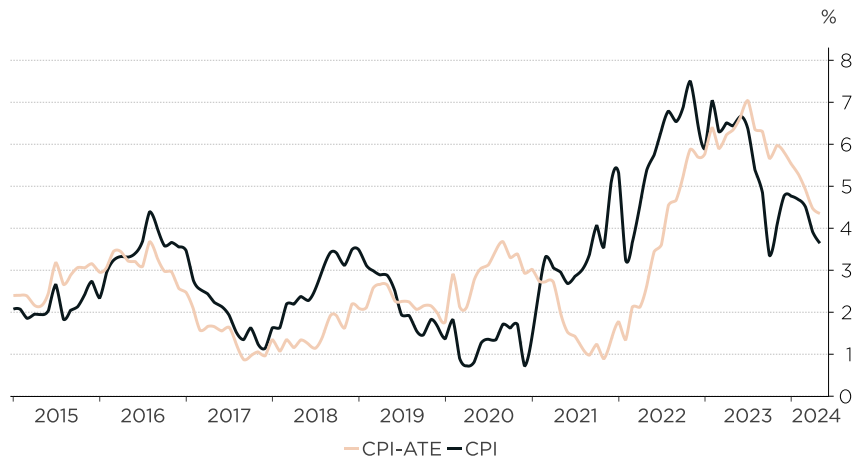
- High activity level and low unemployment despite high interest rates
- Economic growth has slowed, but large differences between sectors
- Still solid labour market with unemployment rate at 2.0% in April
- Year-on-year inflation rate was 3.6% in April, while core inflation was 4.4%
- Interest rate cuts have been delayed

GDP MAINLAND NORWAY. VOLUME GROWTH (Y/Y)



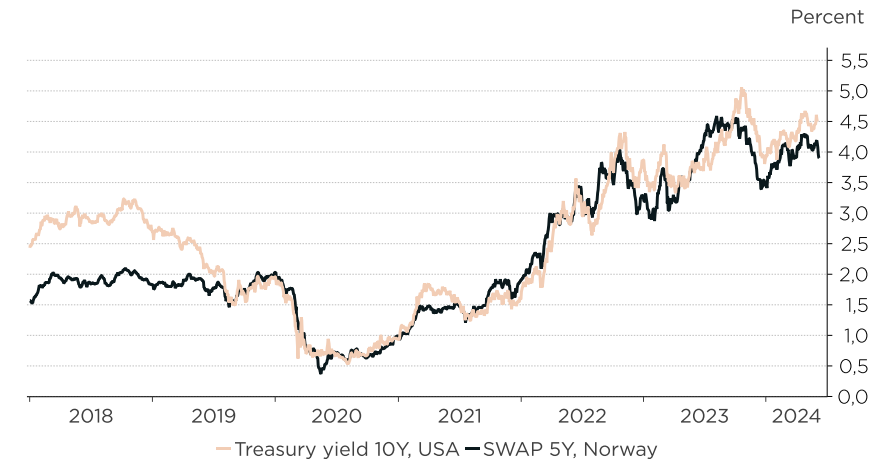
Source: Macrobond, SSB

CPI AND CPI-ATE. NORWAY



Source: Macrobond

LONG-TERM INTEREST RATES. NORWAY AND USA



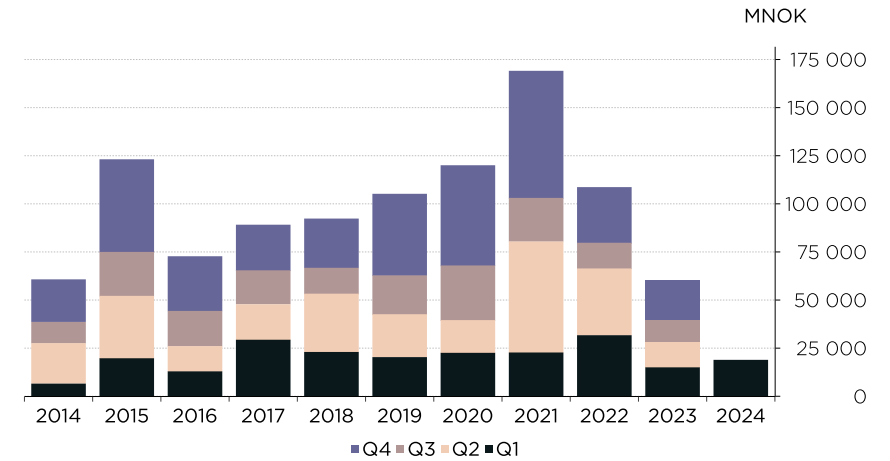
Source: Macrobond

TRANSACTION MARKET

Gap between buyers and sellers persists

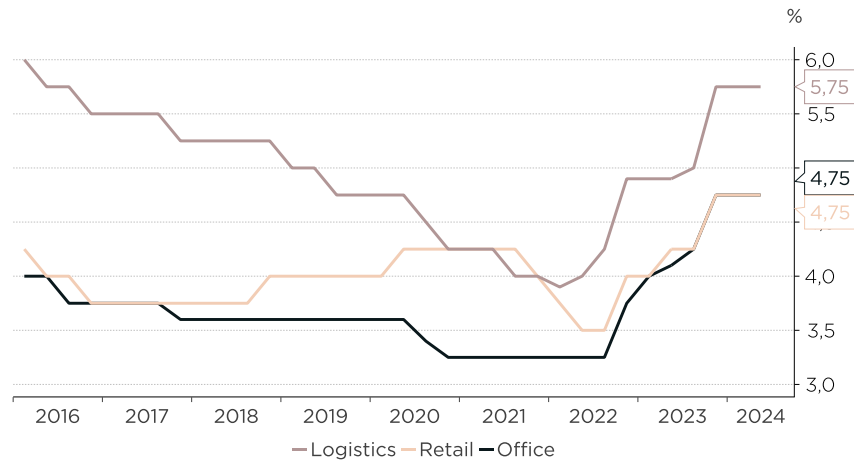
- Transaction volume of 32 billion NOK YTD - higher than last year
- Large transactions dominate the market - in general the market is still slow with distance between buyers and sellers persisting
- Prime yield stable at 4.75%
- Transactions are still being triggered by need for improved liquidity and solidity
- Some improvement in the financing market

TRANSACTION VOLUME



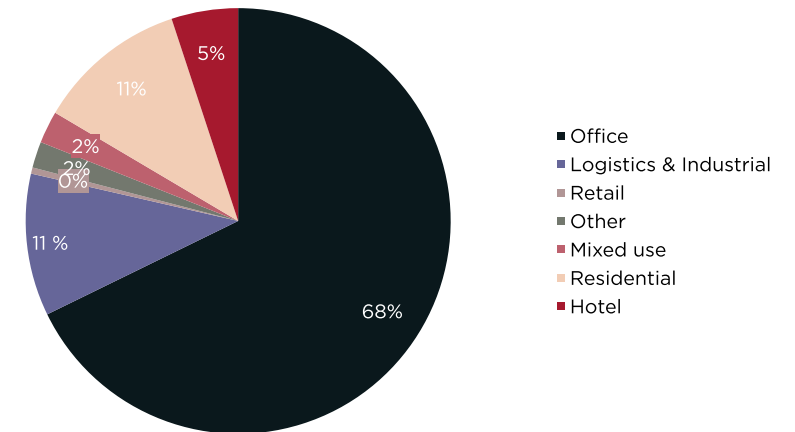
Source: CWR

PRIME YIELD



Source: CWR

TRANSACTION VOLUME BY SEGMENT (2024)



Source: CWR

OSLO OFFICE MARKET

Solid office market

- Weaker growth in employment and among occupiers, but labour market remains solid
- Modest rental growth of 1% (geographically weighted) in Q1
- The high cost involved with construction and refurbishing putting upwards pressure on rents
- We have revised our high standard rent estimates up in several areas
- Office vacancy unchanged at 6.50%

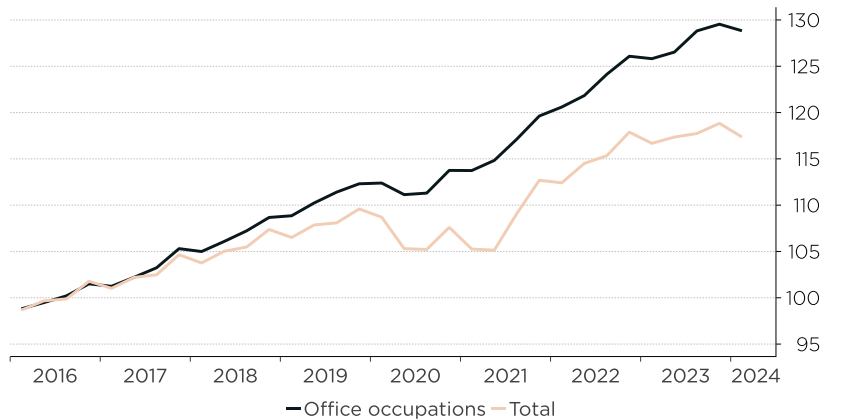
RENTAL GROWTH OFFICE (Y/Y). 3 Q. MOVING AVG. OSLO



Source: Arealstatistikk

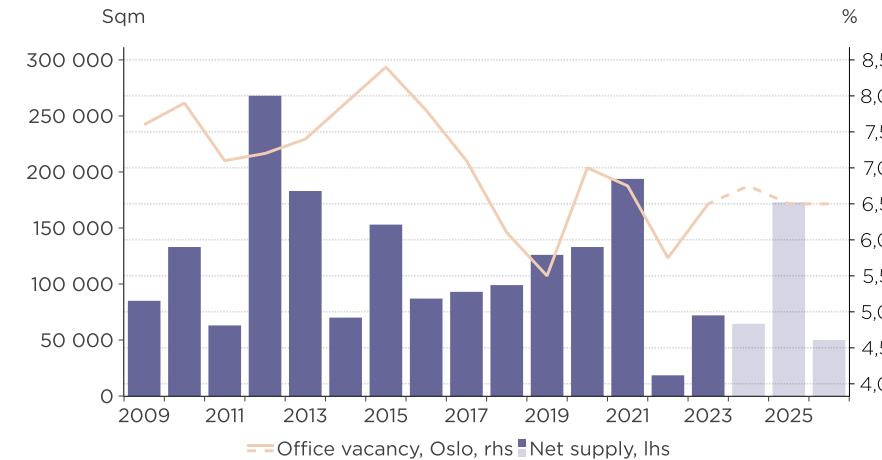
NUMBER OF EMPLOYEES. OSLO (SEASONALLY ADJUSTED)

Index (2016=100)



Source: SSB

OFFICE VACANCY AND NET SUPPLY. OSLO



Source: CWR

OFFICE MARKET OSLO

LYSAKER

High std: 3 000 - 2 600
Moderate std: 2 000
Prime Yield: 5,50 %
Vacancy: 5 %
*New construction 24-26:
12 000 m²

FORNEBU

High std: 2 400 - 2 100
Moderate std: 1 500
Prime Yield: 5,90 %
Vacancy: 18 %
*New construction 24-26:
0 m²

SKØYEN

High std: 4 250 - 3 500
Moderate std: 2 800
Prime Yield: 5,15 %
Vacancy: 8 %
*New construction 24-26:
0 m²

CBD

High std: 6 400 - 5 600
Moderate std: 4 200
Prime Yield: 4,75 %
Vacancy: 7 %
*New construction 24-26:
0 m²

MAJORSTUEN

High std: 4 100 - 3 500
Moderate std: 2 600
Prime Yield: 5,25 %
Vacancy: 2 %
*New construction 24-26:
0 m²

CBD2

High std: 5 400 - 4 800
Moderate std: 4 200
Prime Yield: 4,90 %
Vacancy: 1 %
*New construction 24-26:
0 m²

CITY CENTER

High std: 4 900 - 4 100
Moderate std: 3 000
Prime Yield: 5,00 %
Vacancy: 7 %
*New construction 23-26:
85 000 m²

HELSEFYR

High std: 2 900 - 2 400
Moderate std: 1 900
Prime Yield: 5,75 %
Vacancy: 10 %
*New construction 24-26:
34 000 m²

BRYN

High std: 2 600 - 2 100
Moderate std: 1 600
Prime Yield: 6,00 %
Vacancy: 10 %
*New construction 24-26: 19 000 m²

NYDALEN/STORO

High std: 2 900 - 2 400
Moderate std: 1 950
Prime Yield: 5,50 %
Vacancy: 11 %
*New construction 24-26:
0 m²

ØKERN/HASLE

High std: 2 700 - 2 200
Moderate std: 1 600
Prime Yield: 5,75 %
Vacancy: 7 %
*New construction 24-26:
95 000 m²

REGIONAL CITIES

Slow transaction market

BERGEN

- Low transaction volume and prime yield unchanged at 5.25%
- Investors expects yields to develop flat or slightly decreasing
- Vacancy at 9% due to significant new-build activity in 2023
- Continued rental growth in the top segment

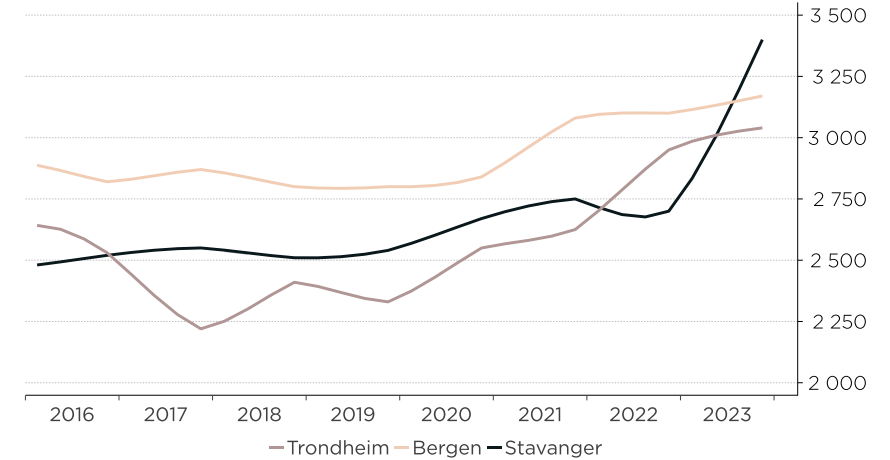
TRONDHEIM

- High transaction volume due to Entra deal – slow market otherwise
- Vacancy stable at 6.50%
- Prime yield unchanged at 5.50%

STAVANGER

- Slow transaction market and prime yield unchanged at 5.75%
- Strong labour market driven by high activity in the oil & gas sector
- Continued rental growth in the top segment

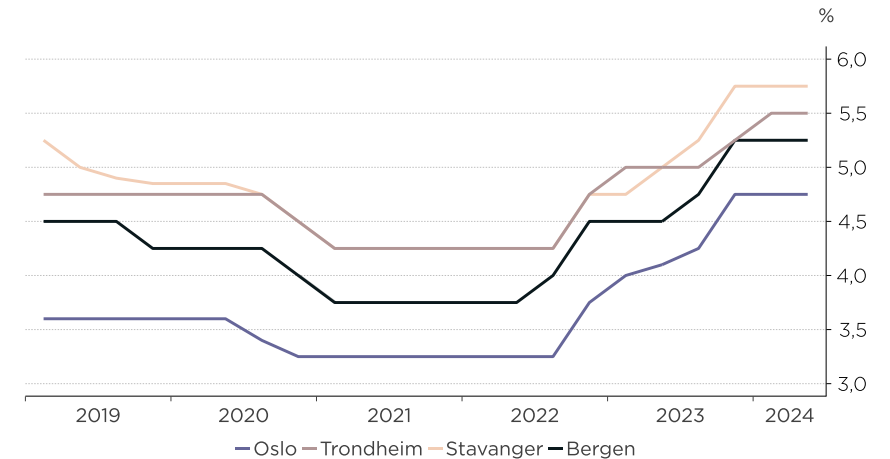
RENTS. A-CATEGORY*



*A-category is top 15% of rents

Source: Arealstatistikk

PRIME YIELD



Source: CWR

RETAIL

Private consumption moving sideways

- Private consumption moving sideways so far this year
- Real wage growth and a tight labour market make households resilient
- Retail has fared surprisingly well through a challenging time
- Retail companies are generally more optimistic

RETAIL SALES INDEX. VOLUME



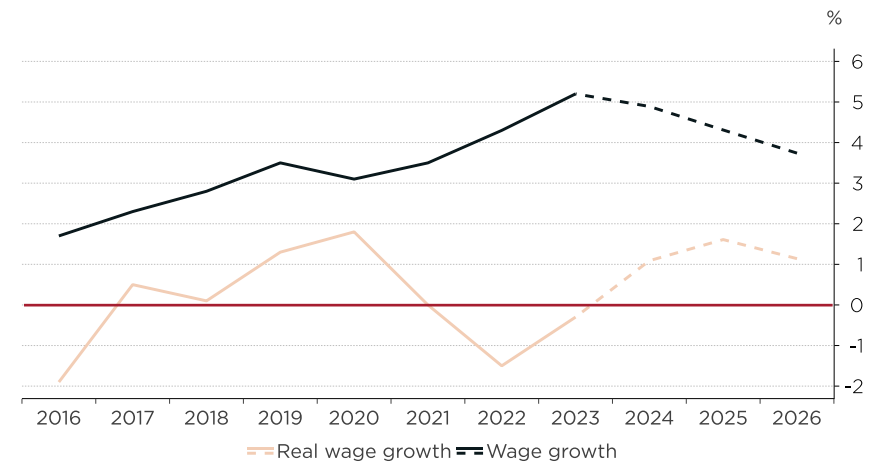
Source: Macrobond, SSB

PRIVATE CONSUMPTION



Source: Macrobond, SSB

WAGE GROWTH. ANNUAL. NORWAY



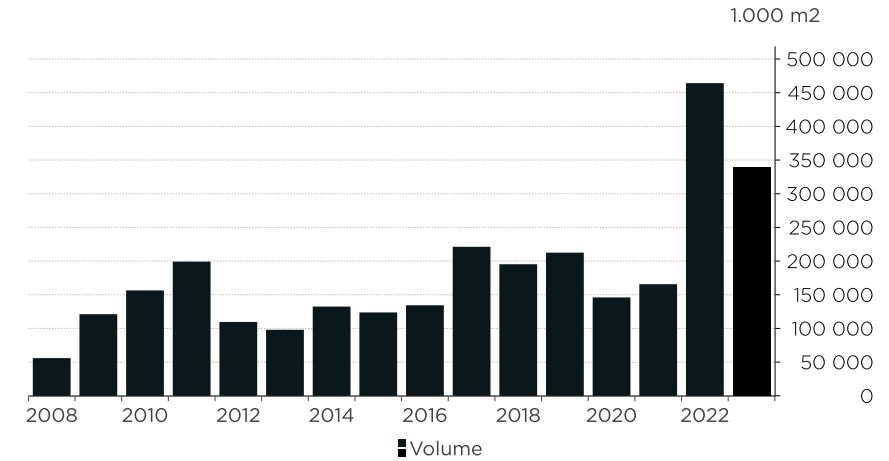
Source: Norges Bank

LOGISTICS

Slower leasing market

- No rental growth following a period of very strong growth
- Vacancy has increased slightly
- Prime yield unchanged at 5.75%
- Segment continues to be attractive for both Norwegian and international investors

LOGISTICS. SIGNED LEASES. GREATER OSLO



Source: Arealstatistikk

Logistics rent in Greater Oslo. Q1 2024*

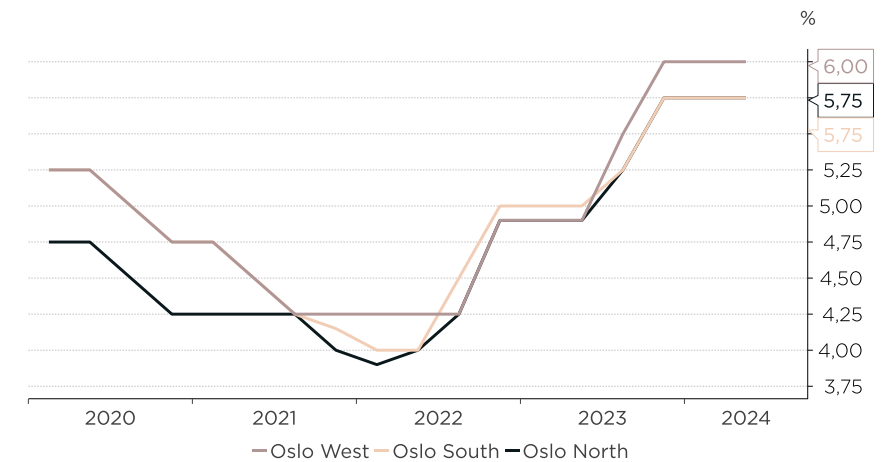
Area**	Average rent	25% Highest	Mid 50%	25% Lowest
Oslo West	1 340	1 790	1 340	920
Oslo South	1 260	1 600	1 310	820
Oslo North	1 460	1 950	1 430	1 040
Groruddalen	1 280	1 910	1 200	790

* Leases signed during the last 12 months, as of 31.03.24.

** 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.

PRIME YIELD. LOGISTICS



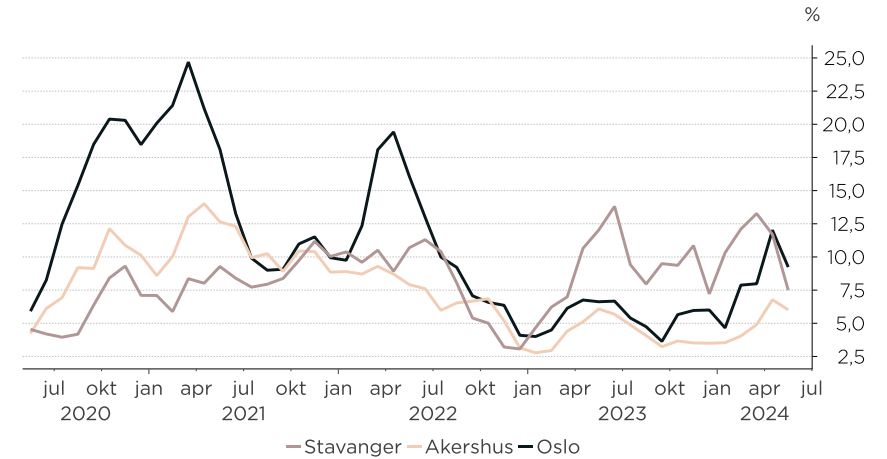
Source: CWR

RESIDENTIAL

Solid market for existing housing

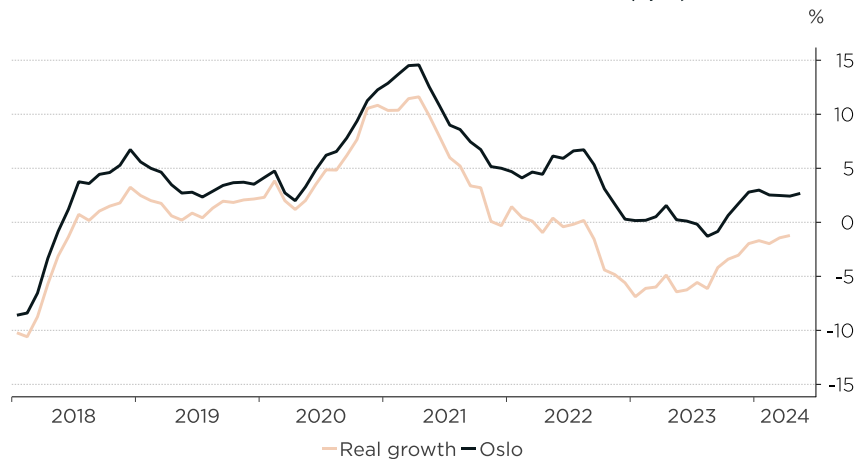
- Prices for existing housing continue to increase
- Population growth and a strong labour market lay the basis for continued rental growth in the large cities
- The market for new housing has been hit hard by the high interest rates, but signs point towards some improvement lately
- The timing still seems good to purchase development projects

SALES RATE. THREE MONTH MOVING AVERAGE. HOUSING



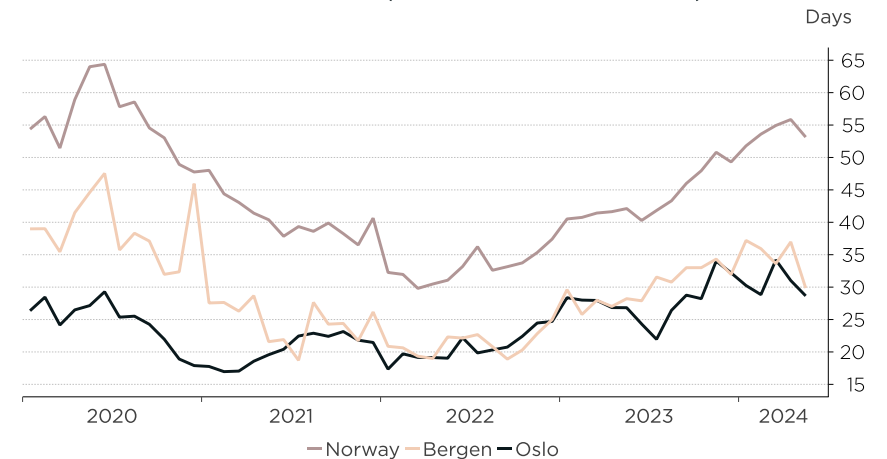
Source: Haawi Analyse

HOUSING PRICES GROWTH. MONTHLY (Y/Y)



Source: Eiendom Norge, SSB

TIME ON MARKET (SEASONALLY ADJUSTED)



Source: Eiendom Norge



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