

MARKET UPDATE Q4 2024



**CUSHMAN &
WAKEFIELD**

Realkapital

MARKET UPDATE

Q4 2024

MACRO

- Improved purchasing power drives modest growth
- Higher rate expectations in the US and continued fall in European rates

TRANSACTION MARKET

- Prime office yield decreased from 4.75% to 4.50%
- Transaction volume of NOK 69 bn – could reach NOK 90 bn this year

OFFICE MARKET

- Robust office market – stable demand and moderate rental growth
- City centre is attractive – rents for high standard offices increase

RETAIL

- Increased purchasing power to eventually increase consumption
- Large differences between retail operators

LOGISTICS

- Sideways in the rental market
- Liquid segment with good investor demand

RESIDENTIAL

- Price growth in existing housing and rents keep increasing
- New housing sales are increasing from a very low level

IMPROVED TRANSACTION MARKET INDICATE A MILD WINTER AHEAD

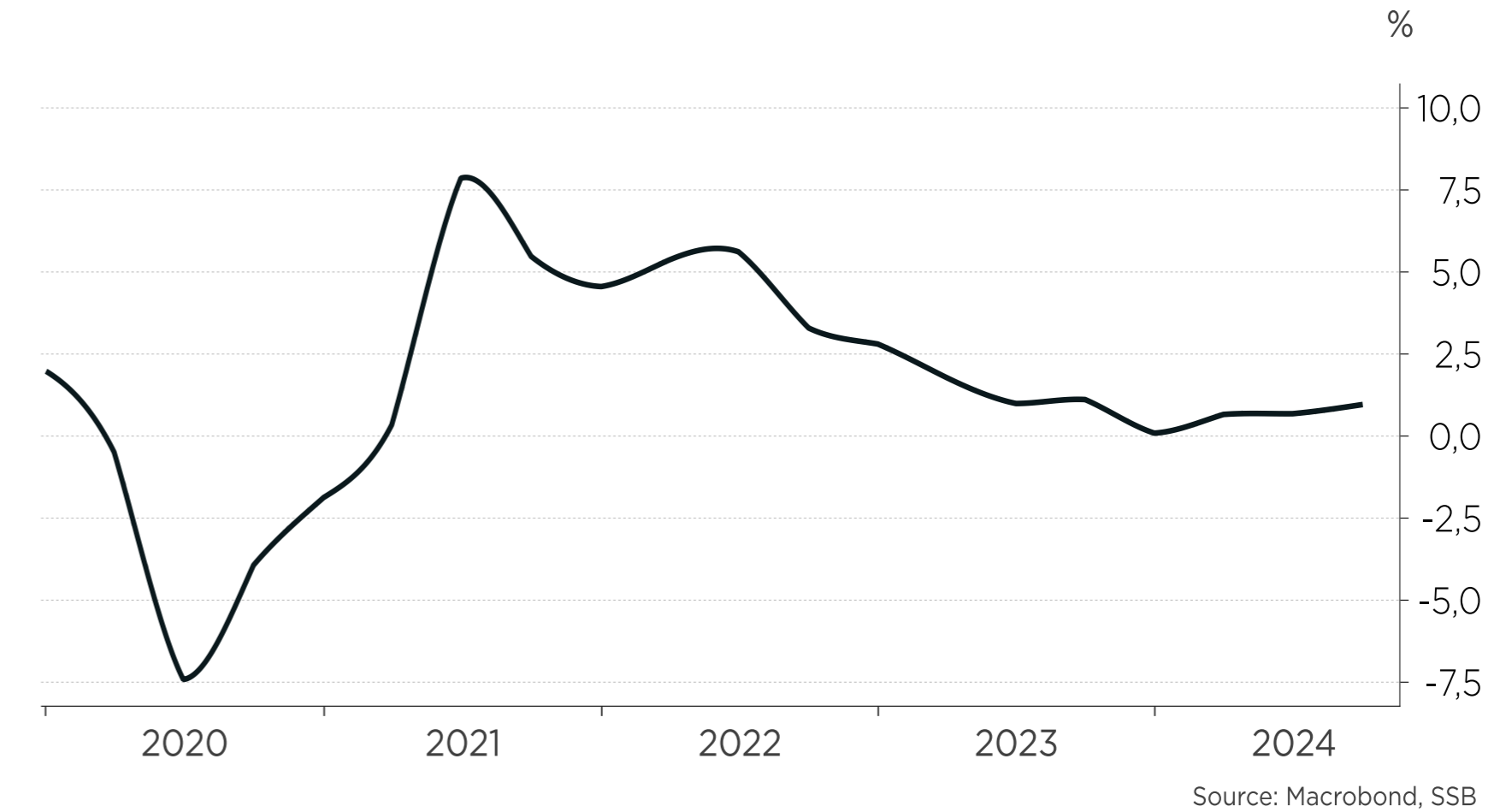
The policy rate in the eurozone is on its way toward a level below 3%, while the market believes the policy rate in the US will remain above 4%. The economic growth in Norway has strengthened somewhat from a high activity level with low unemployment. Inflation is currently between 2% and 3%, while core inflation remains above the central bank's target. Interest rate cuts from our trading partners make a first rate cut in March possible. Swap rates are very "inflation sensitive" and volatile. The CPI adjustment in 2025 will be nearly halved compared to 2024, but moderate vacancy rates ensures robust revenues for landlords. Increased purchasing power will drive growth in retail in 2025. The transaction market is improving, driven by narrowing gap between buyers and sellers, improvement in the financing market, and robust leasing markets.

MACRO

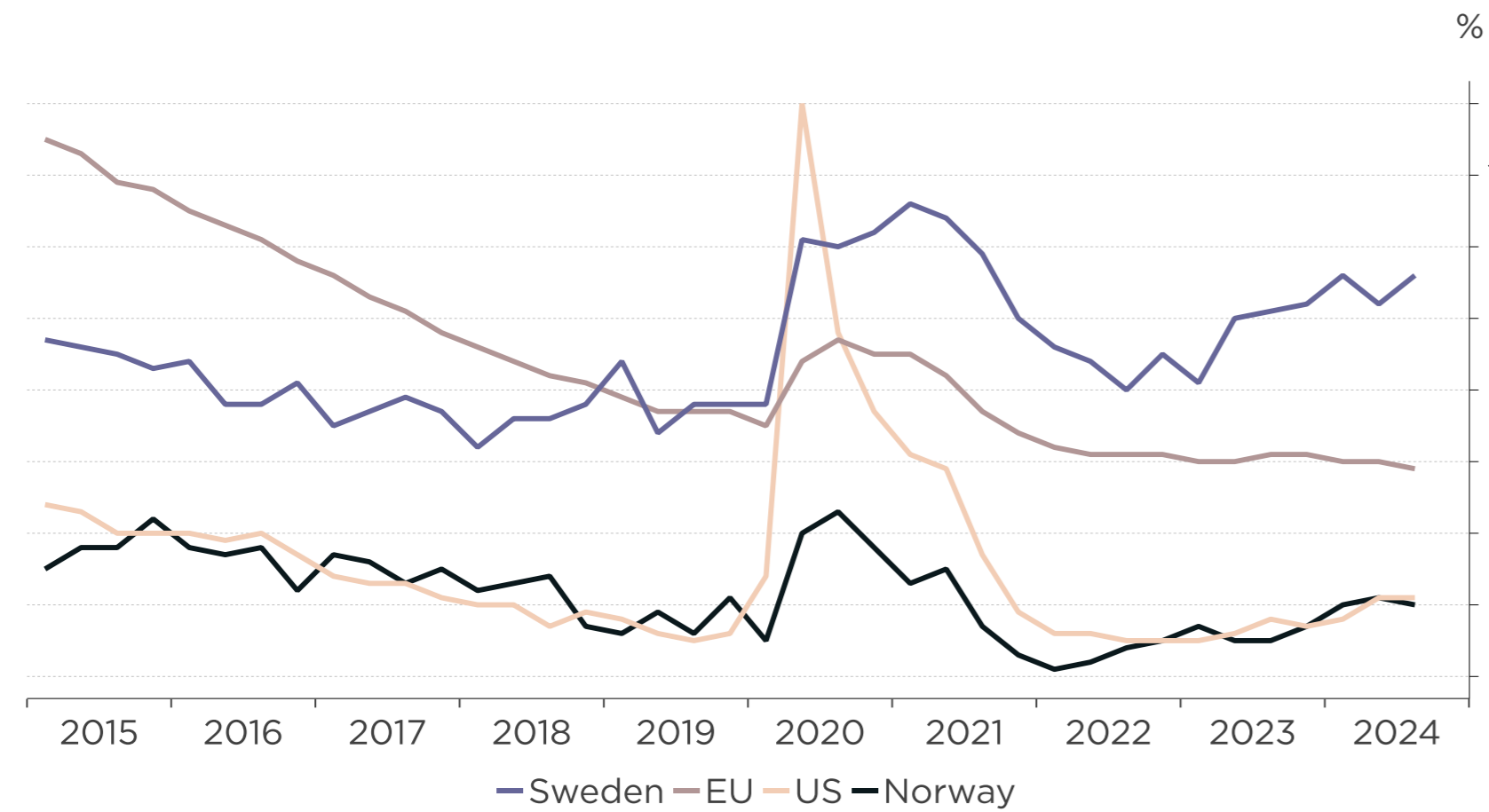
Mild winter ahead

- Modest economic growth
- Continued low unemployment, but employment growth has stalled
- Real wage growth and rate cuts will drive increase in private consumption in 2025
- First interest rate cut to come in March, followed by 2-3 more throughout 2025
- CPI adjustment from January will likely be 2.3%-2.8%
- NOK 5Y SWAP has fluctuated significantly through the quarter

GDP MAINLAND NORWAY. VOLUME GROWTH (Y/Y)



UNEMPLOYMENT (SEASONALLY ADJUSTED)



INTEREST RATES. NORWAY

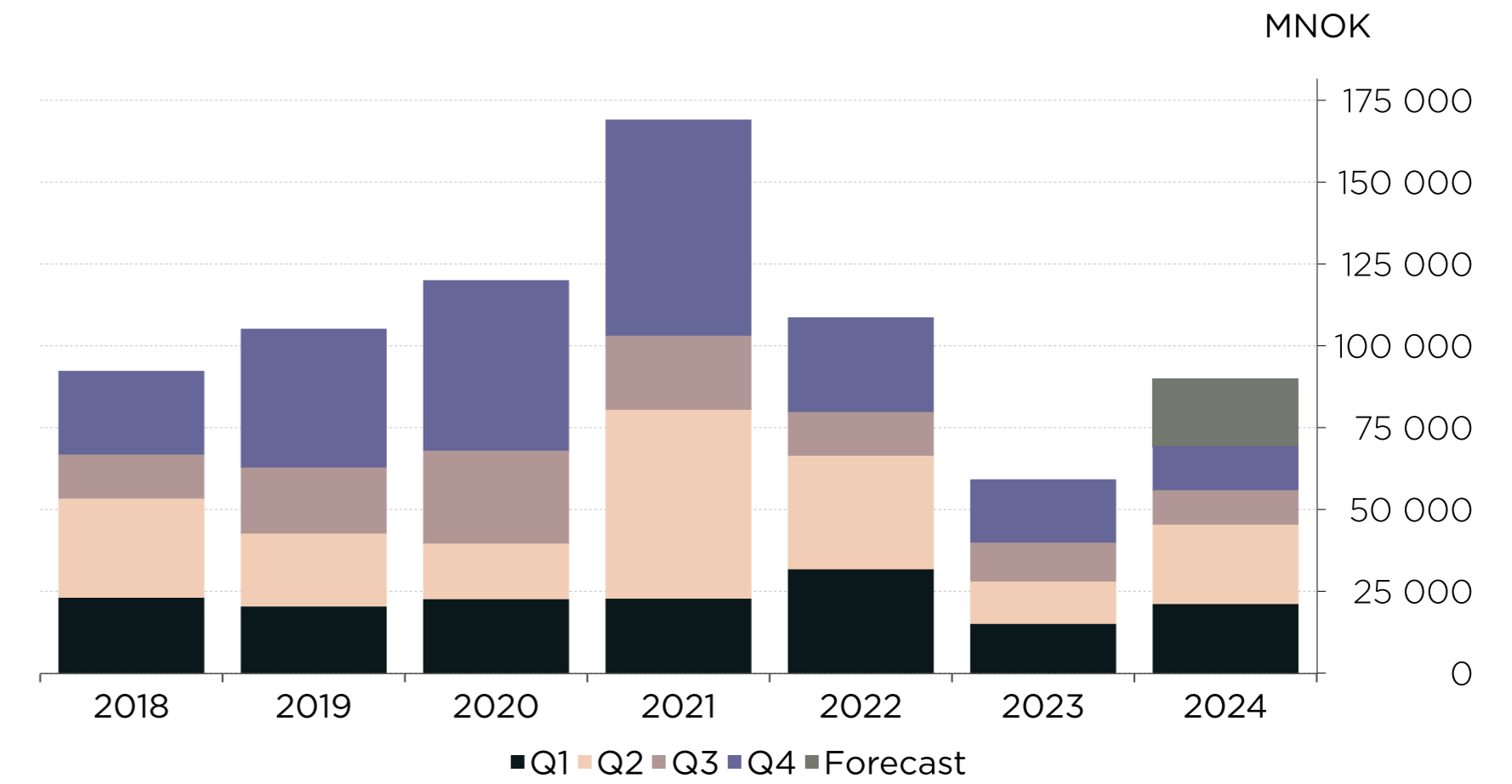


TRANSACTION MARKET

Increased optimism resulting in higher activity

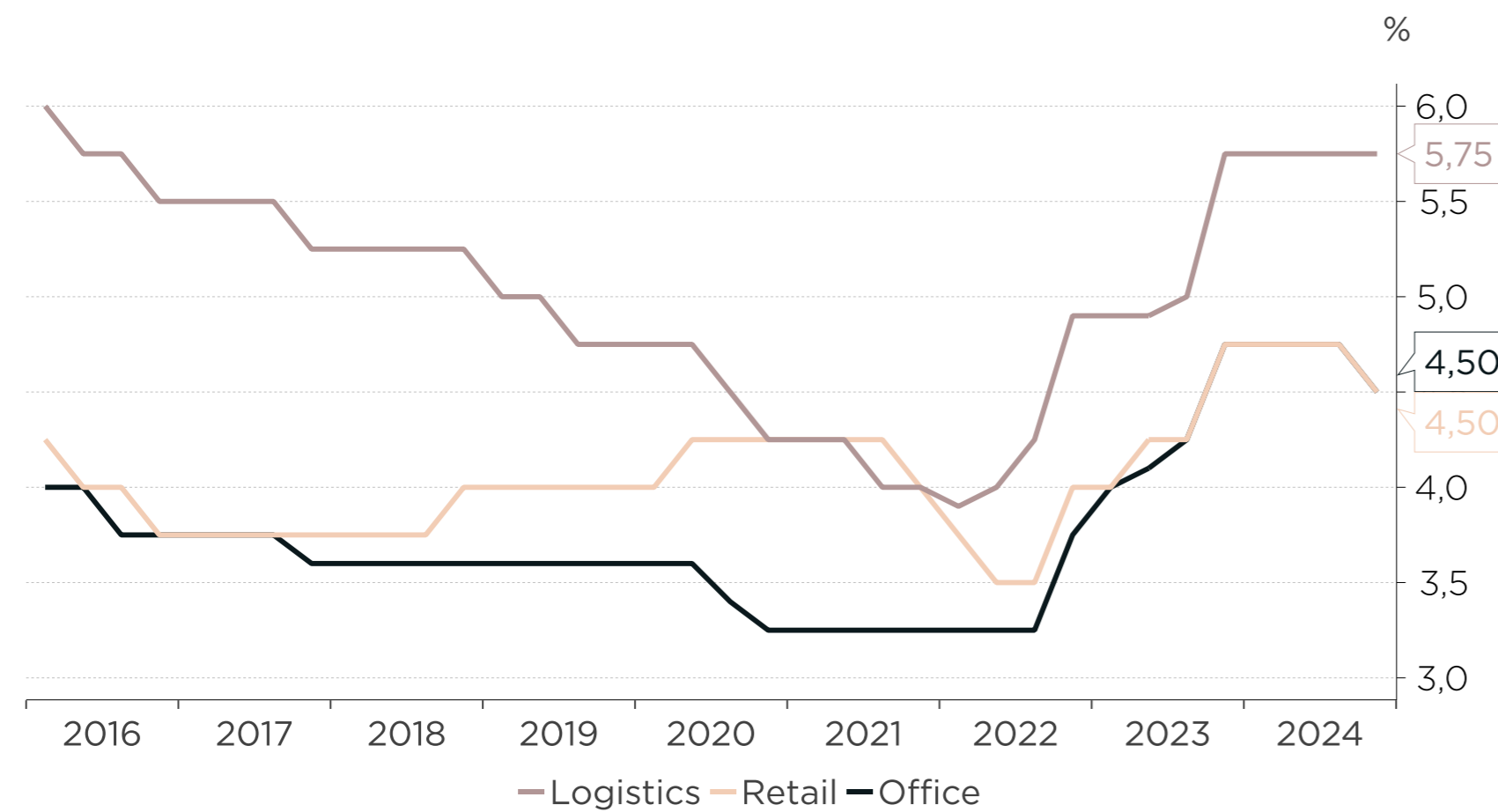
- The transaction market is showing clear signs of improvement
- Gap between sellers and buyers has narrowed, and more investors are getting active
- Improvement in the financing market further driving activity
- Prime (office) yield decreased from 4.75% to 4.50%, based on deals done and investor sentiment

TRANSACTION VOLUME



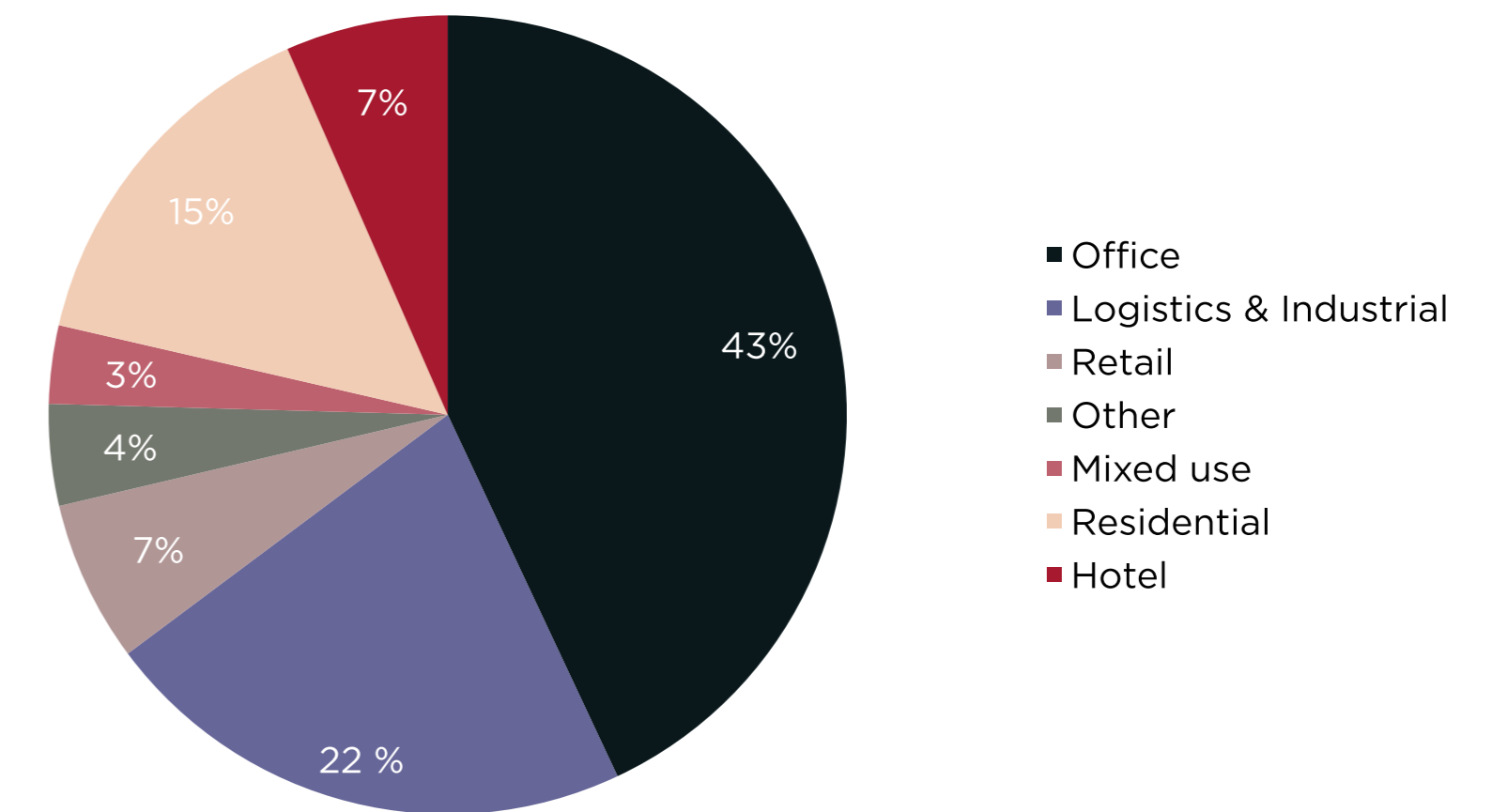
Source: CWR

PRIME YIELD



Source: CWR

TRANSACTION VOLUME BY SEGMENT (2024)



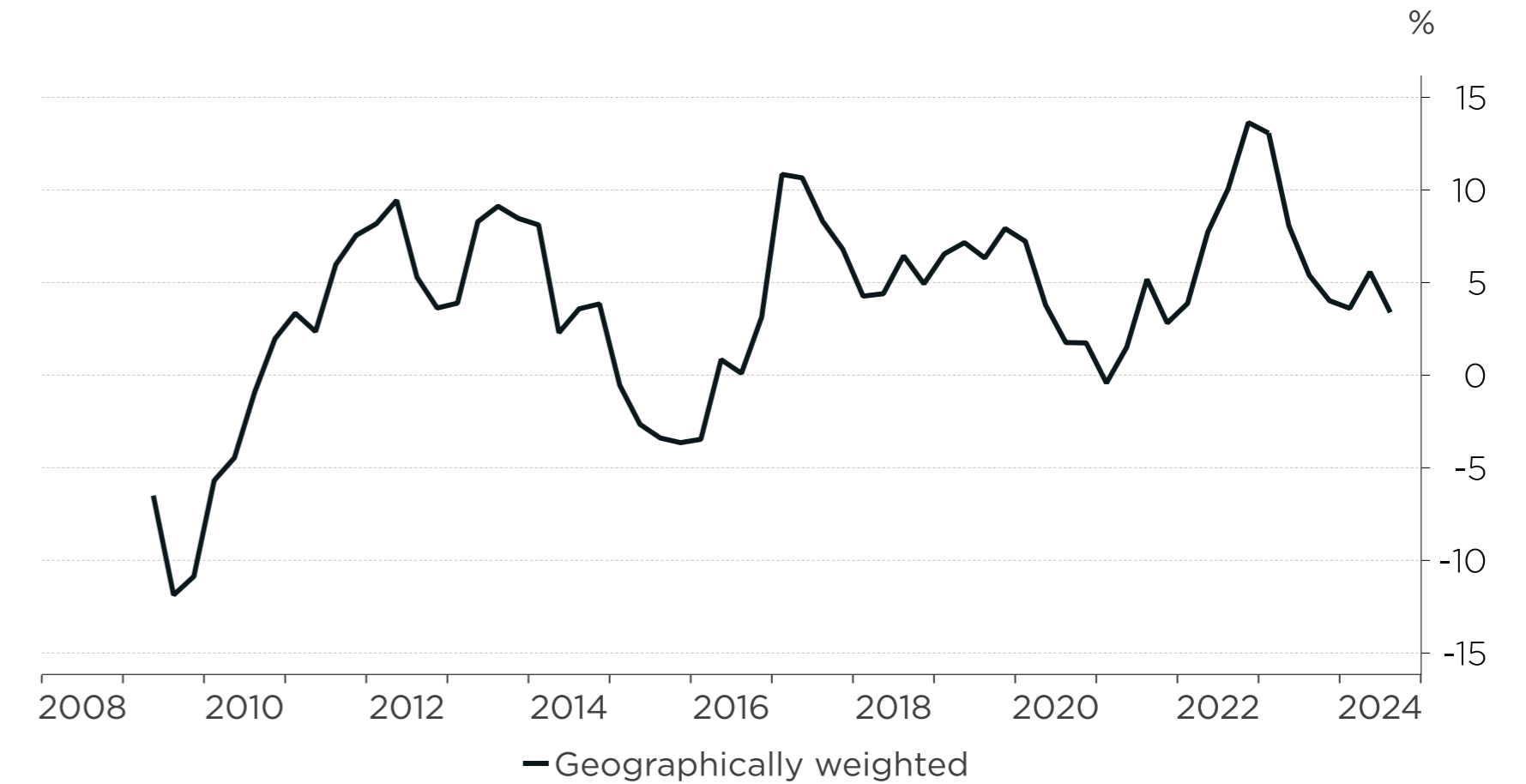
Source: CWR

OSLO OFFICE MARKET

Robust office market

- Flat development in the leasing market
- Newly signed leases in the city centre confirm record rent levels
 - we have increased our estimates for high standard office rental levels in the city centre
- Low new supply ensures moderate vacancy levels
- Labour market moving sideways
 - Continued low unemployment
 - No employment growth

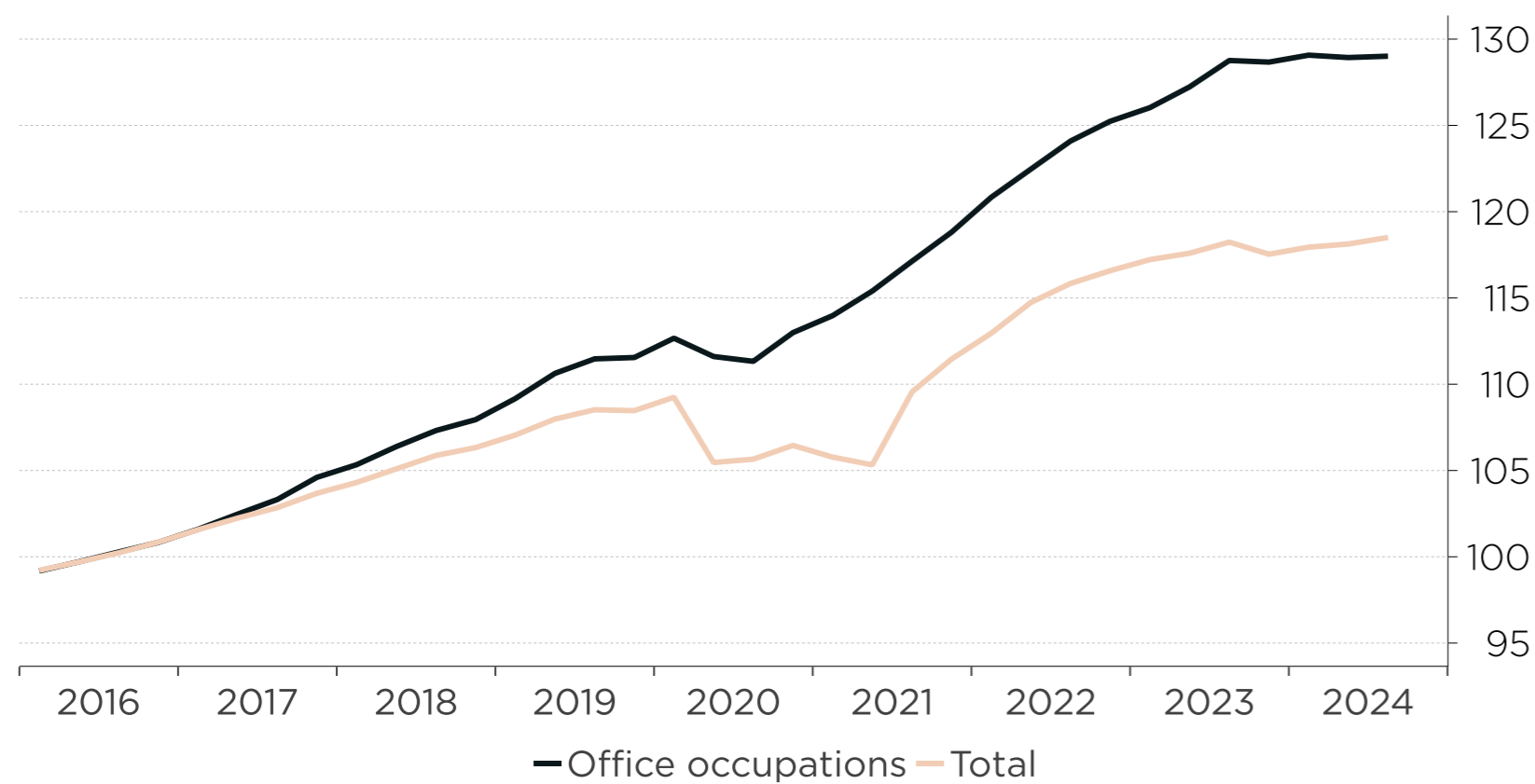
RENTAL GROWTH OFFICE (Y/Y). 3 Q. MOVING AVG. OSLO



Source: Arealstatistikk

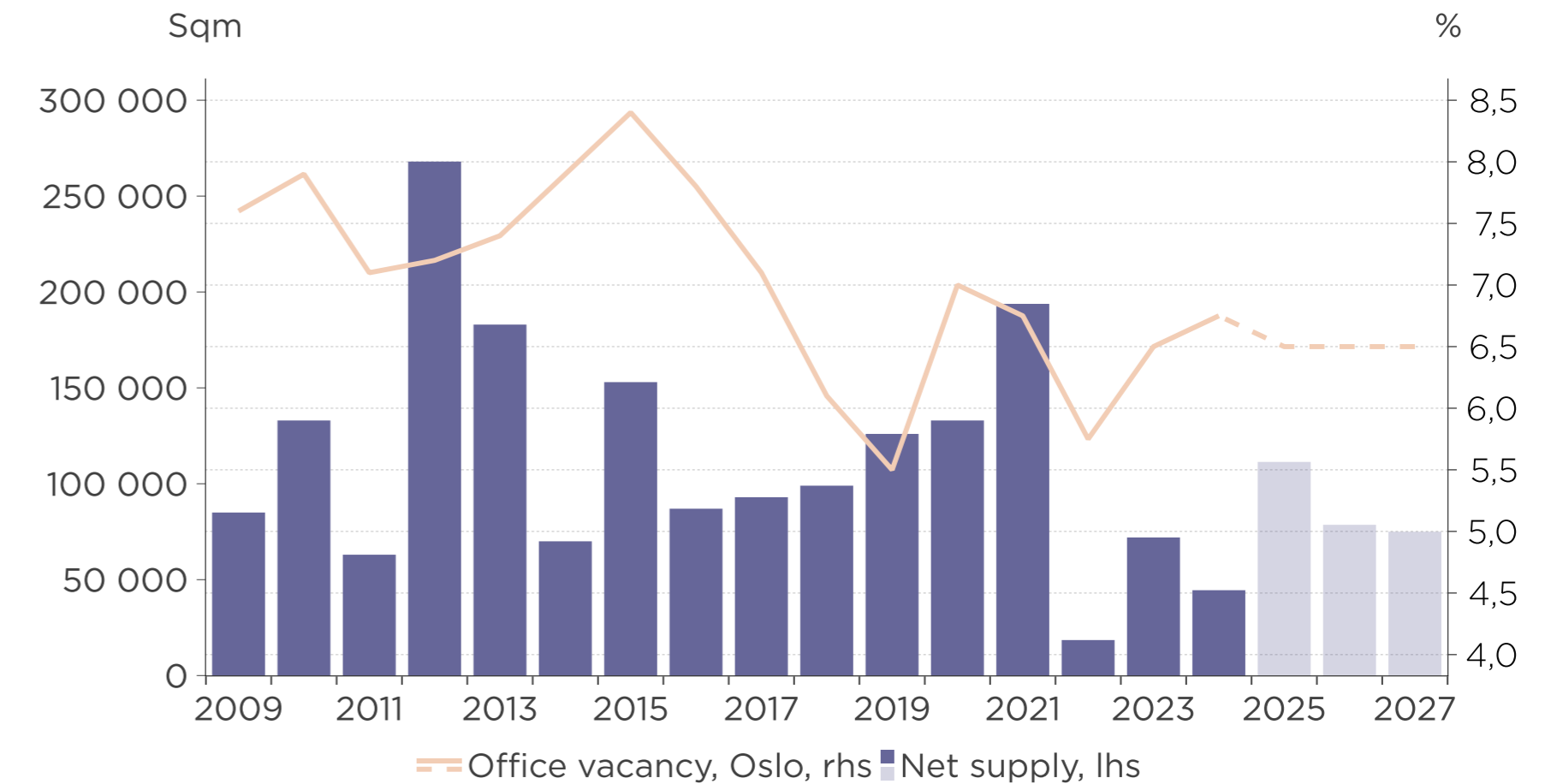
NUMBER OF EMPLOYEES. OSLO (SEASONALLY ADJUSTED)

Index (2016=100)



Source: SSB

OFFICE VACANCY AND NET SUPPLY. OSLO



Source: CWR

OFFICE MARKET OSLO

LYSAKER

High std: 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

SKØYEN

High std: 3 500 - 4 250
Moderate std: 2 800
Prime Yield: 5,15 %
Vacancy: 7 %
*New construction 25-27:
0 m²

CBD

High std: 5 600 - 6 400
Moderate std: 4 300
Prime Yield: 4,50 %
Vacancy: 6 %
*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

CBD2

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

CITY CENTER

High std: 4 100 - 5 400
Moderate std: 3 200
Prime Yield: 4,90 %
Vacancy: 7 %
*New construction 23-26:
65 000 m²

HELSEFYR

High std: 2 400 - 2 900
Moderate std: 1 900
Prime Yield: 5,75 %
Vacancy: 14 %
*New construction 25-27:
9 000 m²

NYDALEN/STORO

High std: 2 400 - 2 900
Moderate std: 1 950
Prime Yield: 5,50 %
Vacancy: 9 %
*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 24-26:
85 000 m²

BRYN

High std: 2 100 - 2 600
Moderate std: 1 600
Prime Yield: 6,00 %
Vacancy: 9 %
*New construction 25-27: 19 000 m²

REGIONAL CITIES

Stable rental markets

BERGEN

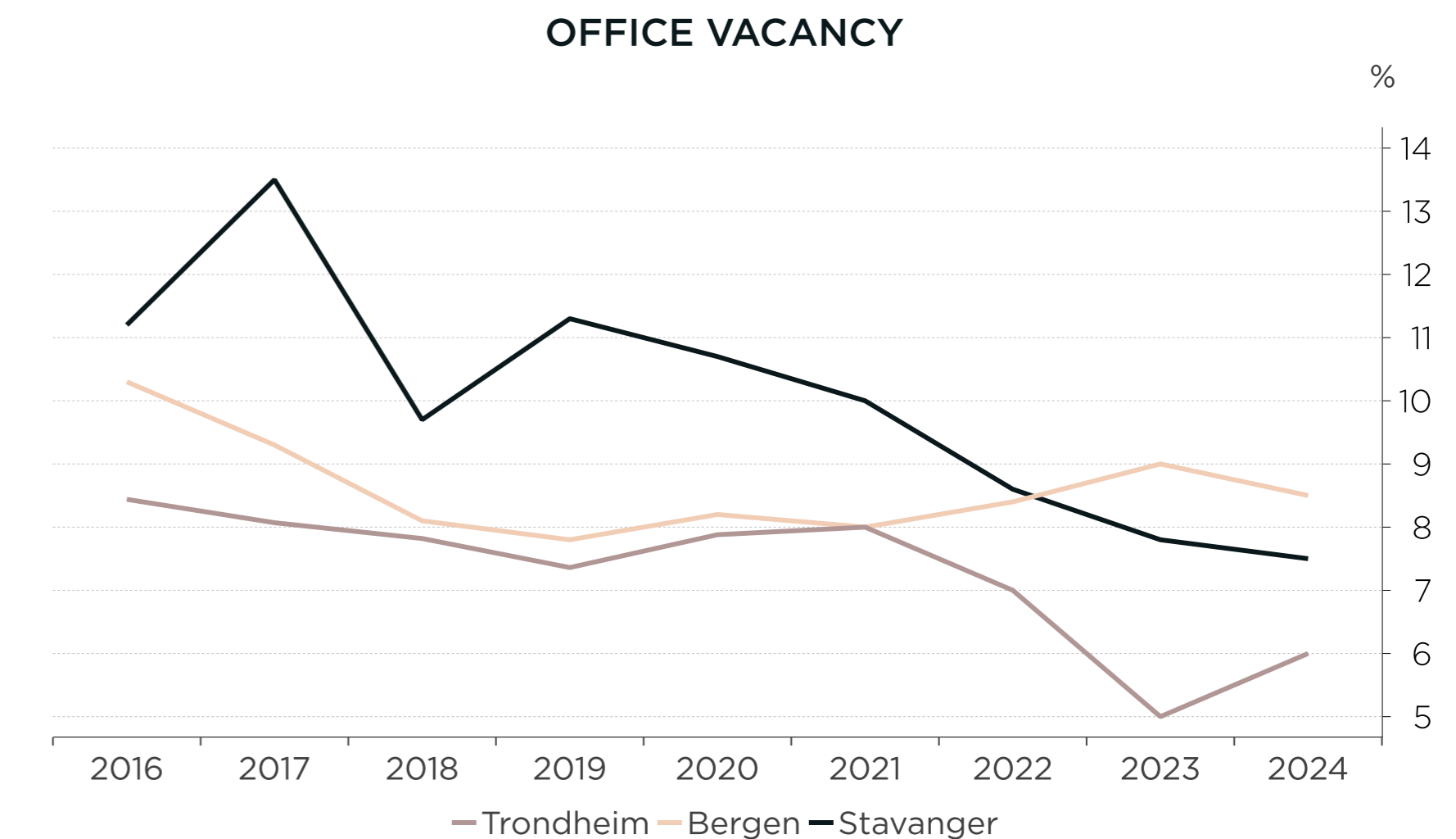
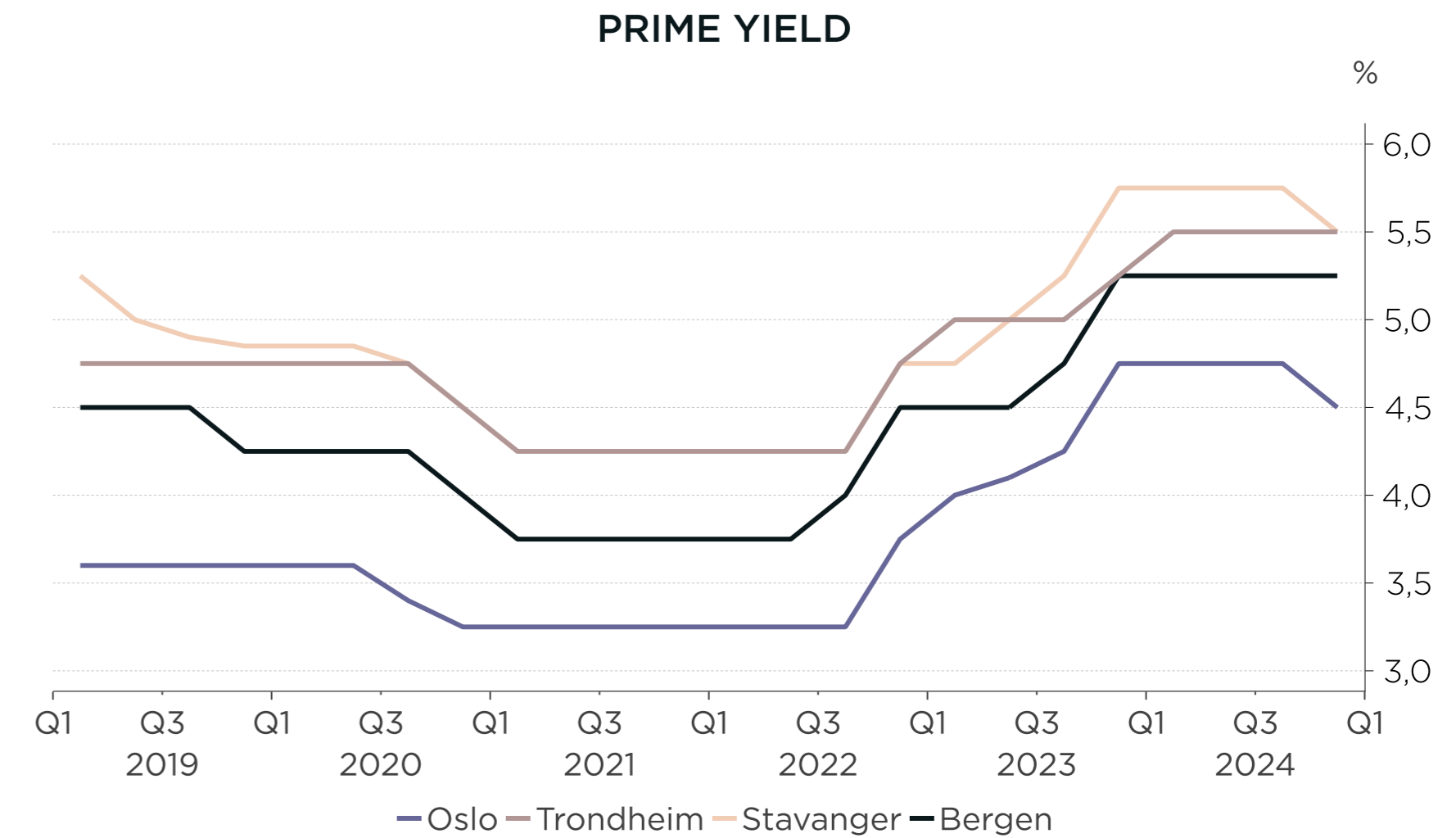
- Slow transaction market in H1, but rising optimism in the autumn
- Vacancy at 8.5%, but varies significantly between areas
- Continued rental growth in the top segment, driven by increased costs and higher return requirements

TRONDHEIM

- Slow transaction market in general, but Entra and KMC deals drive the transaction volume to a record high
- Low vacancy at 6.00%, but net new supply likely to increase the vacancy in 2025
- Solid rental growth of approx. 5% in different parts of Trondheim

STAVANGER

- Prime yield decreased to 5.50%, but significant difference between prime and secondary assets
- Vacancy at its lowest since 2014 at 7.50%
- Rents have stabilized following period of strong growth

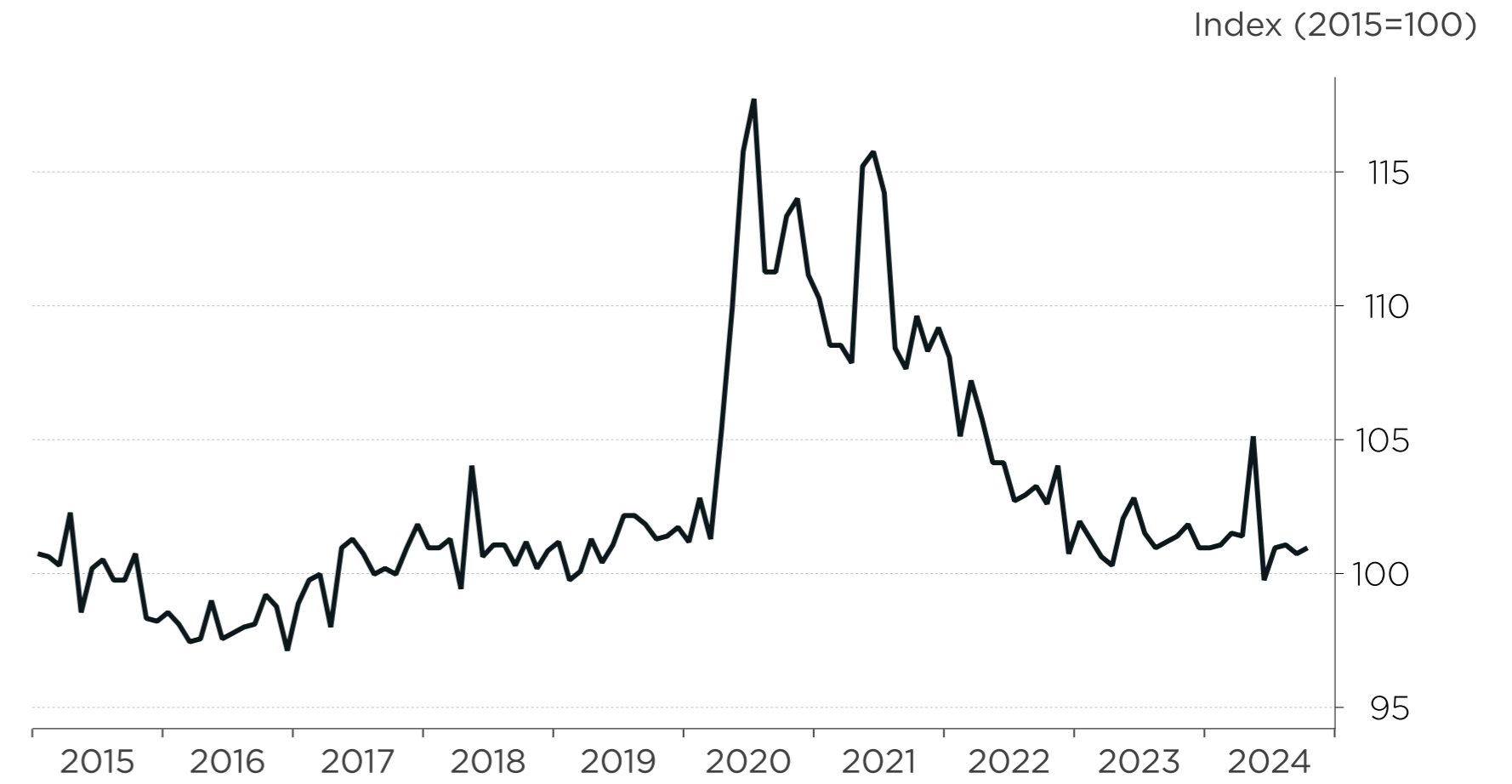


RETAIL

Increased purchasing power to boost consumption

- Real wage growth and interest rate cuts will boost private consumption in 2025
- Subdued demand for consumer durable goods
- Large differences within the sector
- Consumer confidence still somewhat poor, and consumers continue to be careful with their spending
- Sideways development for shopping centres

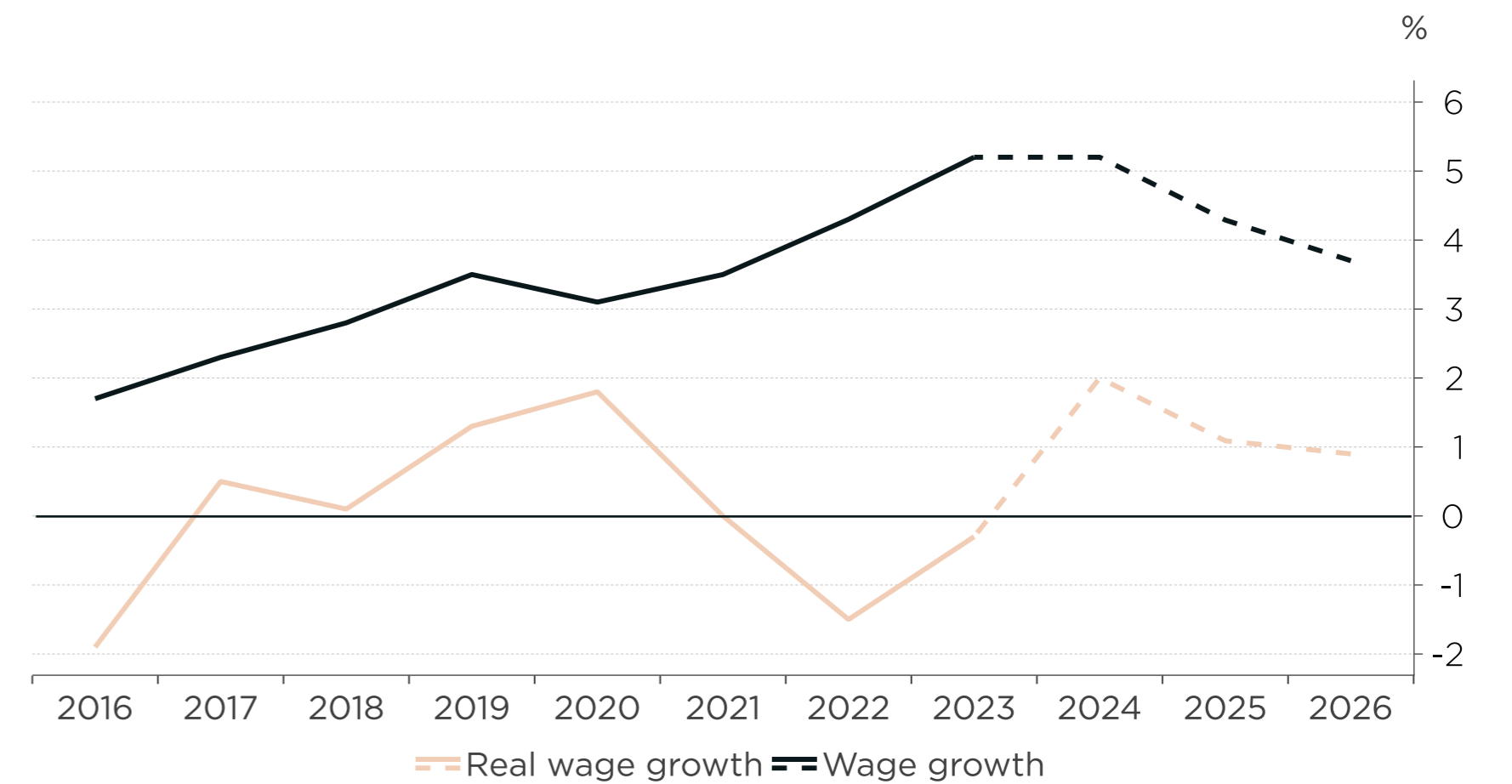
RETAIL SALES INDEX. VOLUME



PRIVATE CONSUMPTION



WAGE GROWTH. ANNUAL. NORWAY



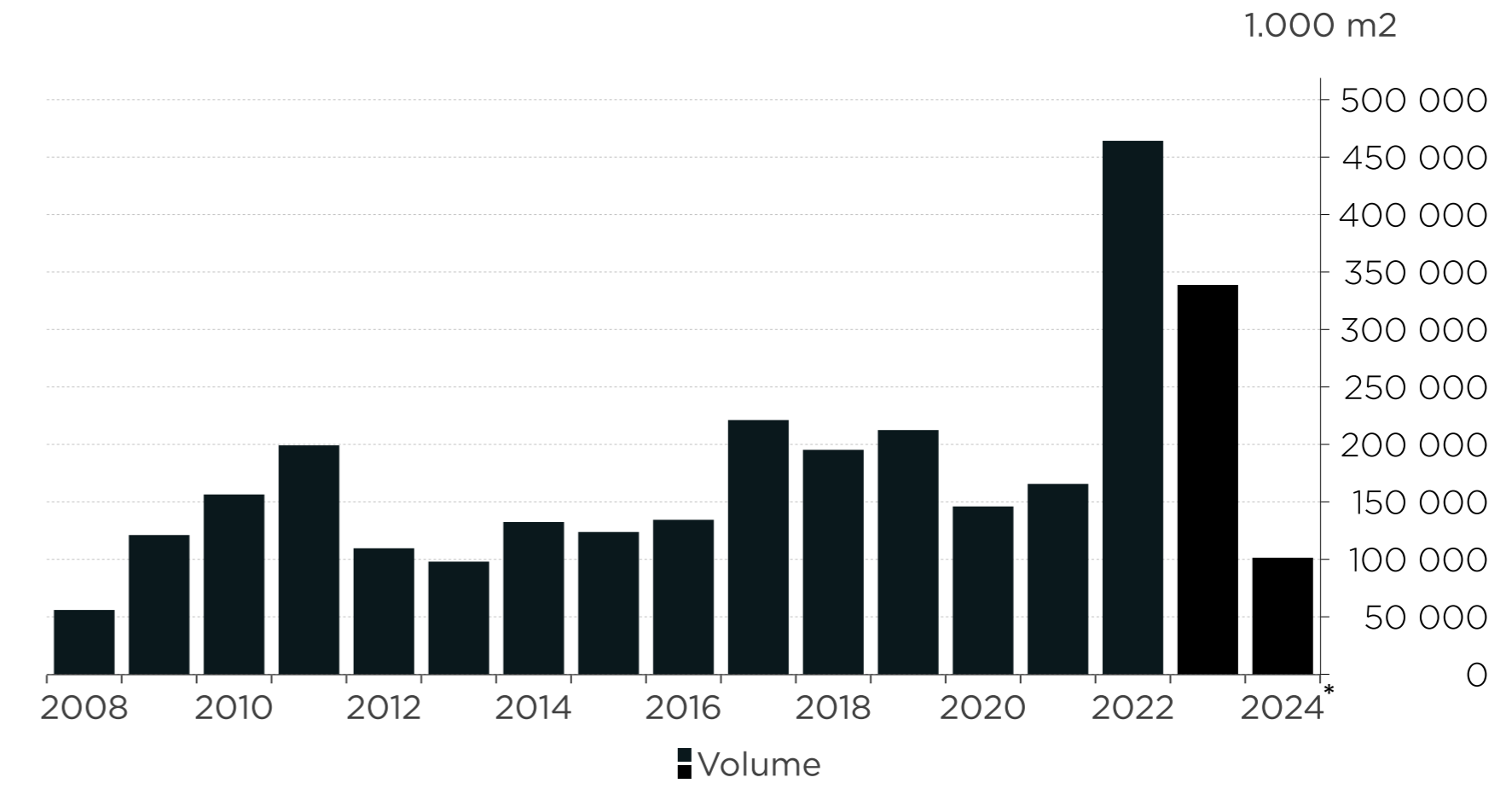
*NOK=Norwegian currency

LOGISTICS

Sideways in the leasing market

- Weaker demand from tenants leading to no rental growth
- Vacancy levels stable
- High construction and financing costs, combined with higher return requirements, means new construction is limited
- Prime yield unchanged at 5.75%
- Segment continues to be liquid and attract interest from both domestic and international investors

LOGISTICS. SIGNED LEASES. GREATER OSLO



Source: Arealstatistikk
*H1 2024

Logistics rent in Greater Oslo. Q3 2024*

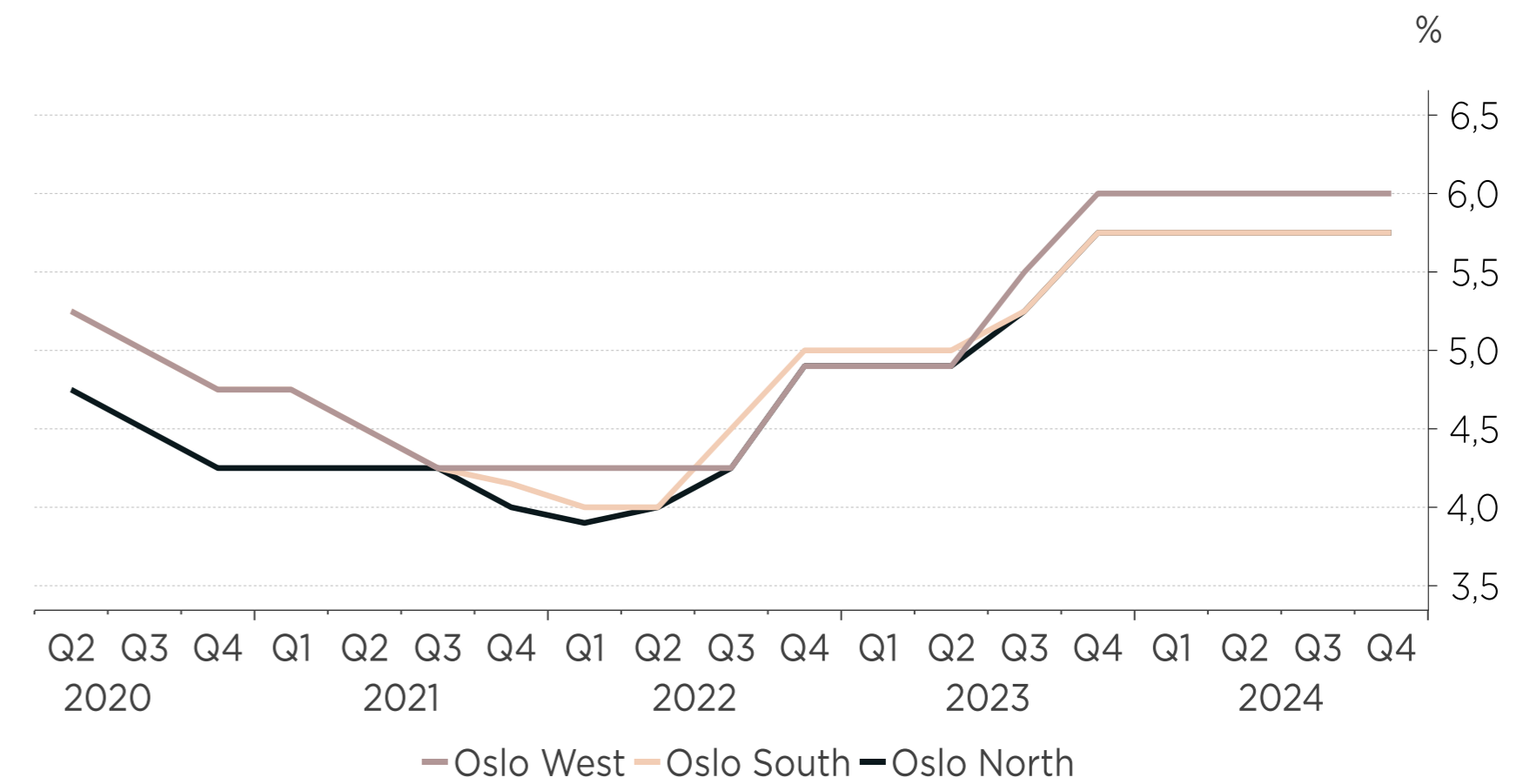
	AVERAGE RENT	25% HIGHEST	MID 50%	25% LOWEST
Oslo West	1 410	1 890	1 400	940
Oslo South	1 210	1 660	1 250	690
Oslo North	1 370	1 820	1 360	940
Groruddalen	1 270	1 820	1 220	840

* Leases signed during the last 12 months, as of 30.09.24.

** 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



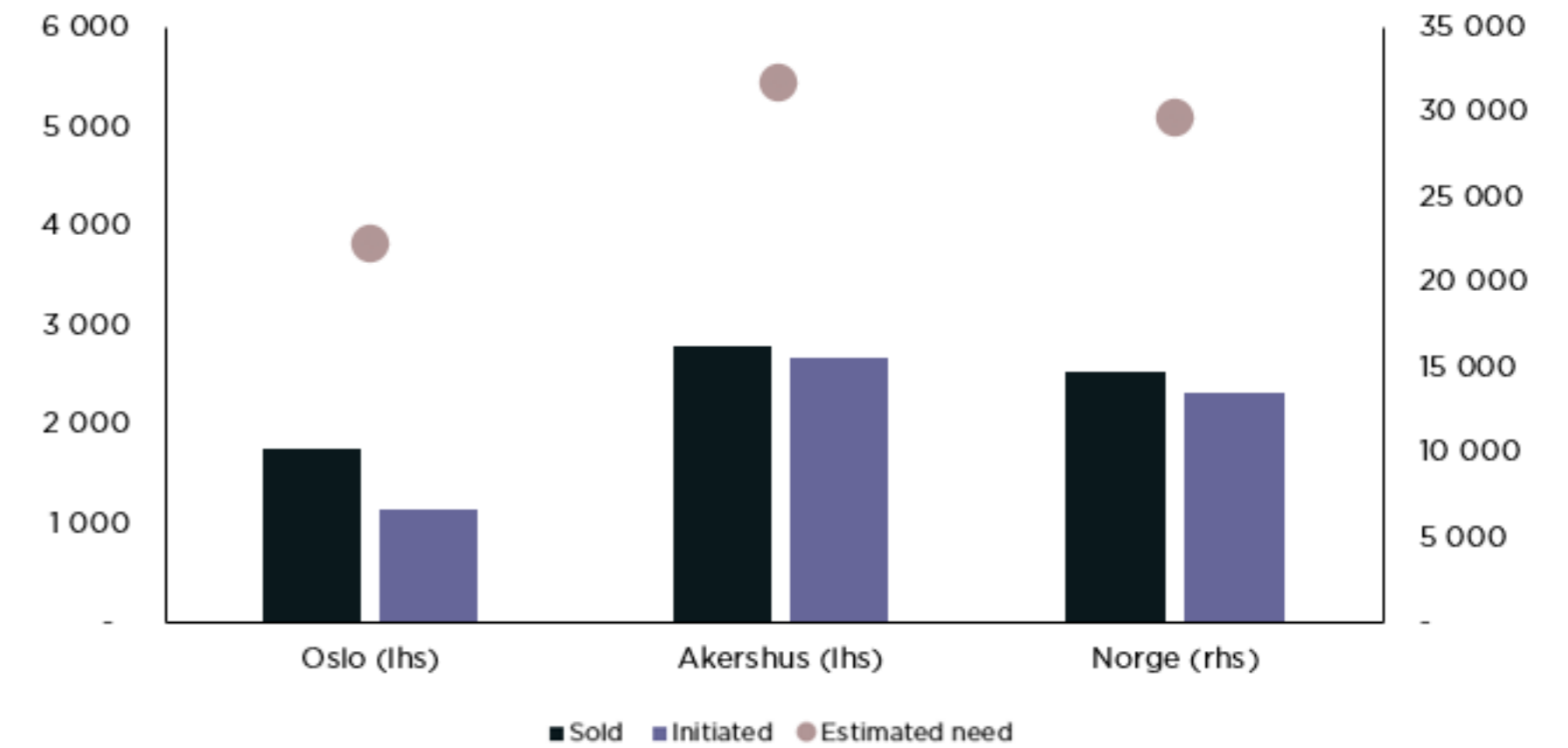
Source: CWR

RESIDENTIAL

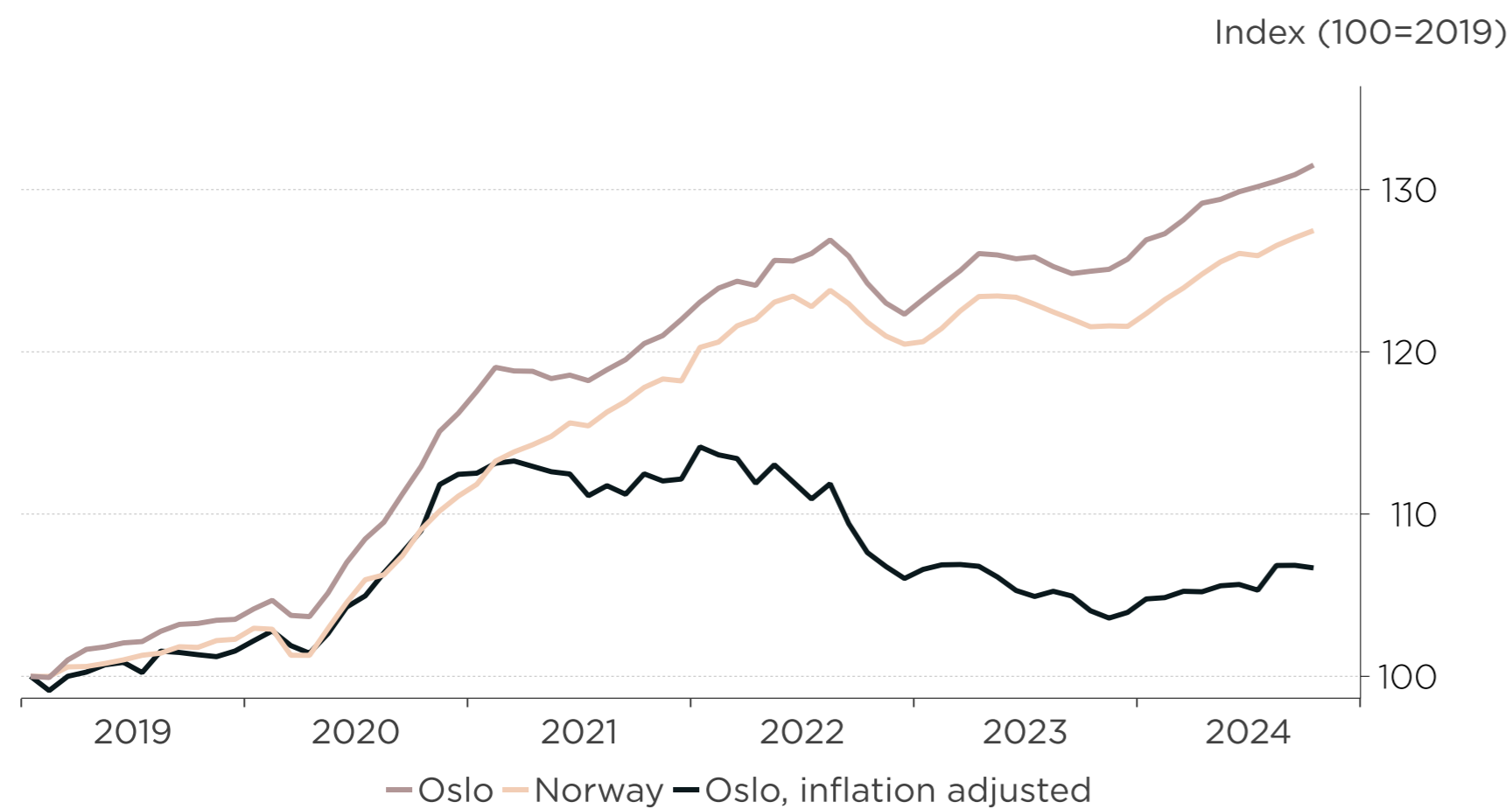
Past the trough in new housing sales

- New housing sales are increasing from a very low level
 - Sales to continue increasing and with faster pace once the first interest rate cut takes place
- Existing housing prices have increased by approx. 4% YTD
- Strong rental growth in Oslo (7-8% y/y) driven by strong demand and high costs for landlords
 - Lower inflation and rate cuts will dampen landlords' need for higher rents

SOLD AND INITIATED PAST 12 MONTHS. NEW HOUSING
OCTOBER 2024



HOUSING PRICES. MONTHLY



Source: Eiendom Norge, SSB

HOUSING RENTS



Source: Eiendom Norge



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