

Cushman & Wakefield Realkapital Property Investor Confidence Index

January 2017



75%

*of all investors has an
objective to be net
buyers in first half of
2017*



Strong investor incentive

Majority wants to be net buyers

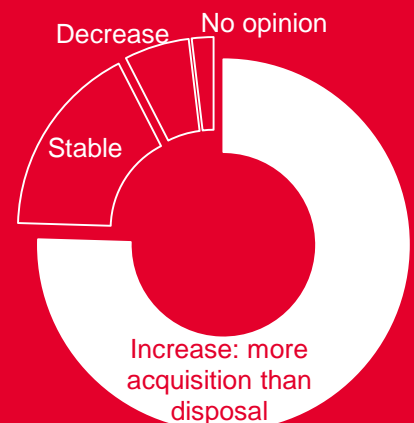
75% of all investors has an objective to be net buyers in first half of 2017, but only 6% intend to be net sellers and the remaining expect to have as much acquisition as disposals. It is difficult to understand where disposals will come from which to some extent also has been a limiting factor in 2016. The strong investor incentive will continue to keep property yields under pressure.

The Cushman & Wakefield Realkapital Property Investor Confidence Index includes responses from over 50 investment professionals together representing around NOK 250bn worth of Norwegian commercial real estate. These represents 2/3* of all professional managed commercial real estate in Norway. The index monitor expectations for the next six months.

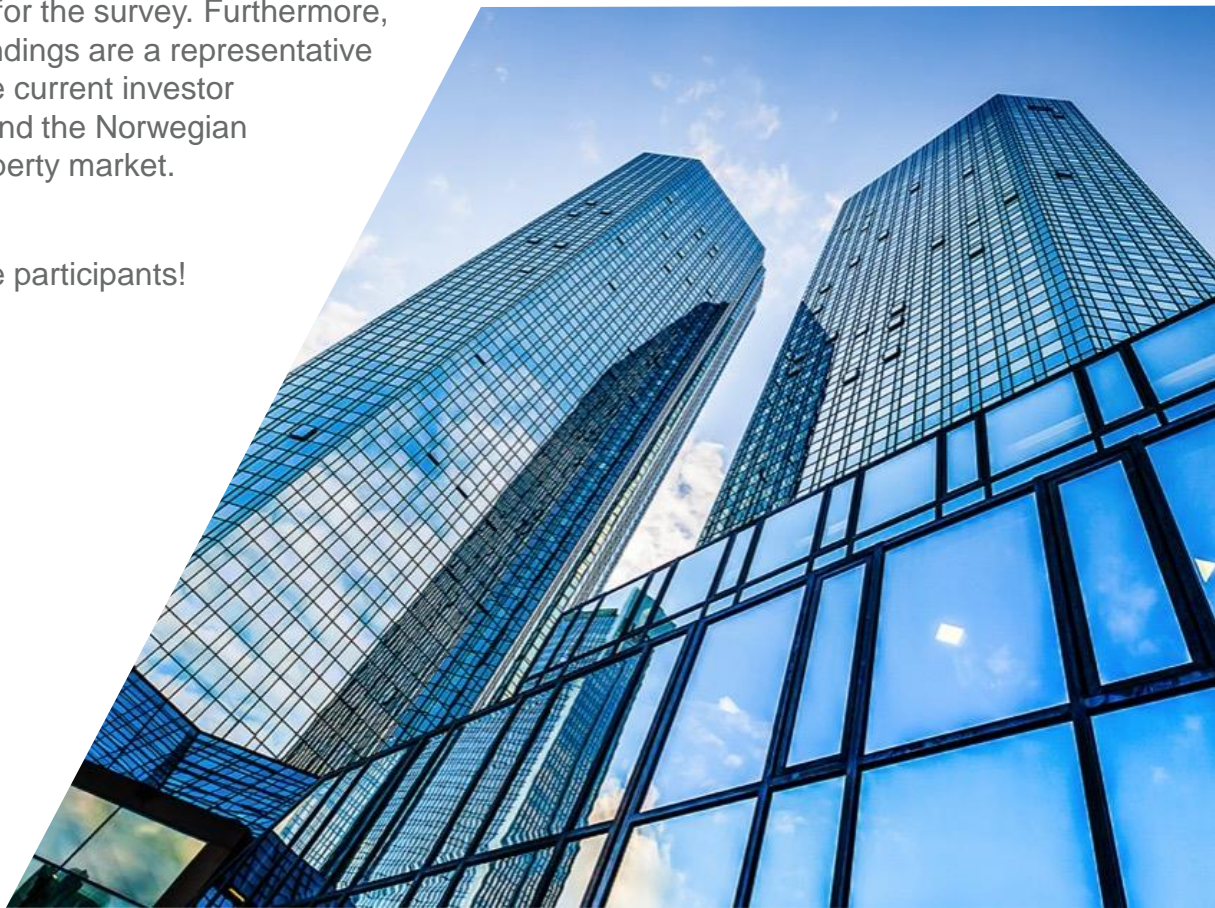
This strong coverage reflects the interest for non-biased objective analysis and serves as a quality stamp for the survey. Furthermore, it secures the findings are a representative reflection of the current investor confidence around the Norwegian commercial property market.

Thanks to all the participants!

What is your objective with regard to the size of your portfolio in terms of acquisition/disposal during the next 6 month?



*Source: MSCI



Yield shift are not longer driving the values...

...but 30% of investors believe in improved office rents

Rental growth

The majority of investors have neutral expectations for the rental market over the coming six months. However for the office market the results demonstrates that still 30% of all investors believe in improved demand for office space and logistics & industrial space. For the retail market the findings are more unison and the majority of investors expect stability in retail rents going forward.

It is worth pointing out the survey is capturing high level trends and expectations. It is reasonable to expect individual segments, locations and buildings deviating significantly away in either direction.

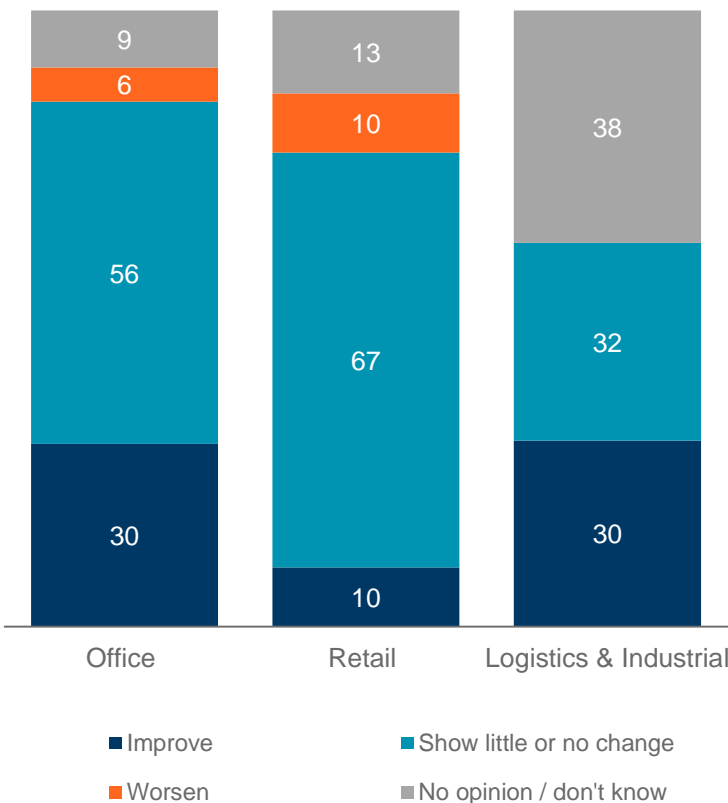
Yield development

In respect to yield development the majority believe yields will flatten-out. Only a minority of 6-8 percent believe there will be further compression and 10-15 percent foresee an increase within the next six month period.

Changes in financing conditions and expectations to traditional asset classes, amongst other observations, will impact investors view going forward. The index will track this on a bi-annual basis.

With regard to the occupier market during the next 6 months, the demand will:

(shown in % of respondents)



With regard to the development of market yields during the next 6 months, they will:

(shown in % of respondents)



Positive view on own portfolio

Declining vacancy rates are the biggest contributor

Financing

Most investors believe conditions for property financing will stay unchanged from today. However there is a small overweight of respondents who believe conditions will actually worsen rather than improve.

These expectations are likely to influence the relatively neutral outlook the investors has on property yields.

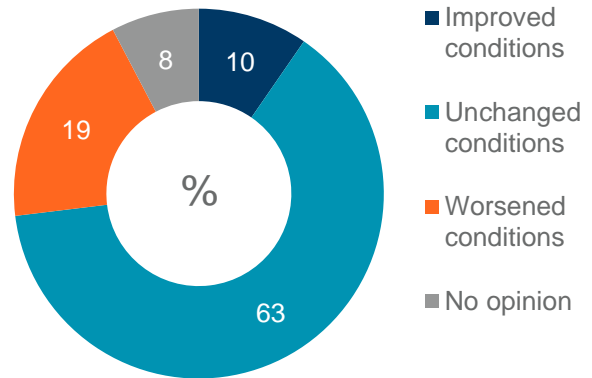
Portfolio outlook

As already mentioned 75% of off the investors has an objective to be net buyers. Furthermore 60% of the investors believe their portfolio will improve in value (aside acquisitions & disposals) in H1 2017, and the majority of the remaining investors believe in unchanged values.

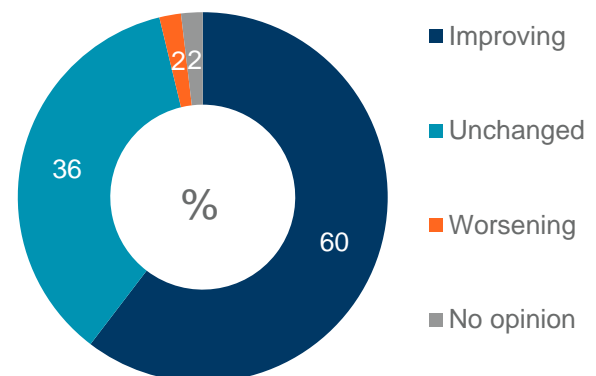
The key driver for value improvements are expected to be declining vacancy rates followed by rental growth. Only 15% believe yield shift will work in their favour, which is also reflected in the majority of investors believing yields will flatting-out going forward.

We hope the **Cushman & Wakefield Realkapital Property Investor Confidence Index** will contribute to greater transparency around the Norwegian commercial property market. We will continue conducting this survey, with the next version to be released in August 2017. By building a time series we can see changes in confidence over time, interpret what these means for the market and how to best respond when making investment decisions.

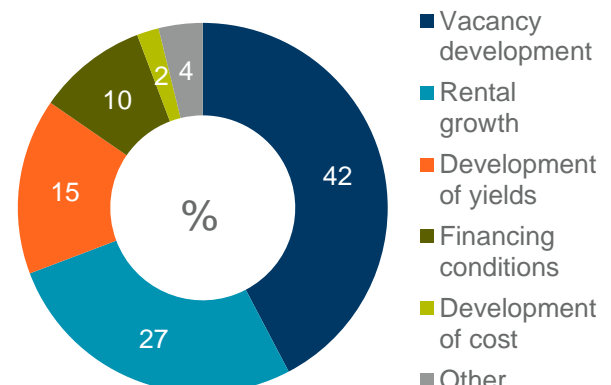
What is the future outlook for your financing compared with your current financing?



How do you see the value of your portfolio developing during the next 6 months (aside from any acquisition/disposal)?



Which is the most important influencing factor for the development of value in your portfolio?



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