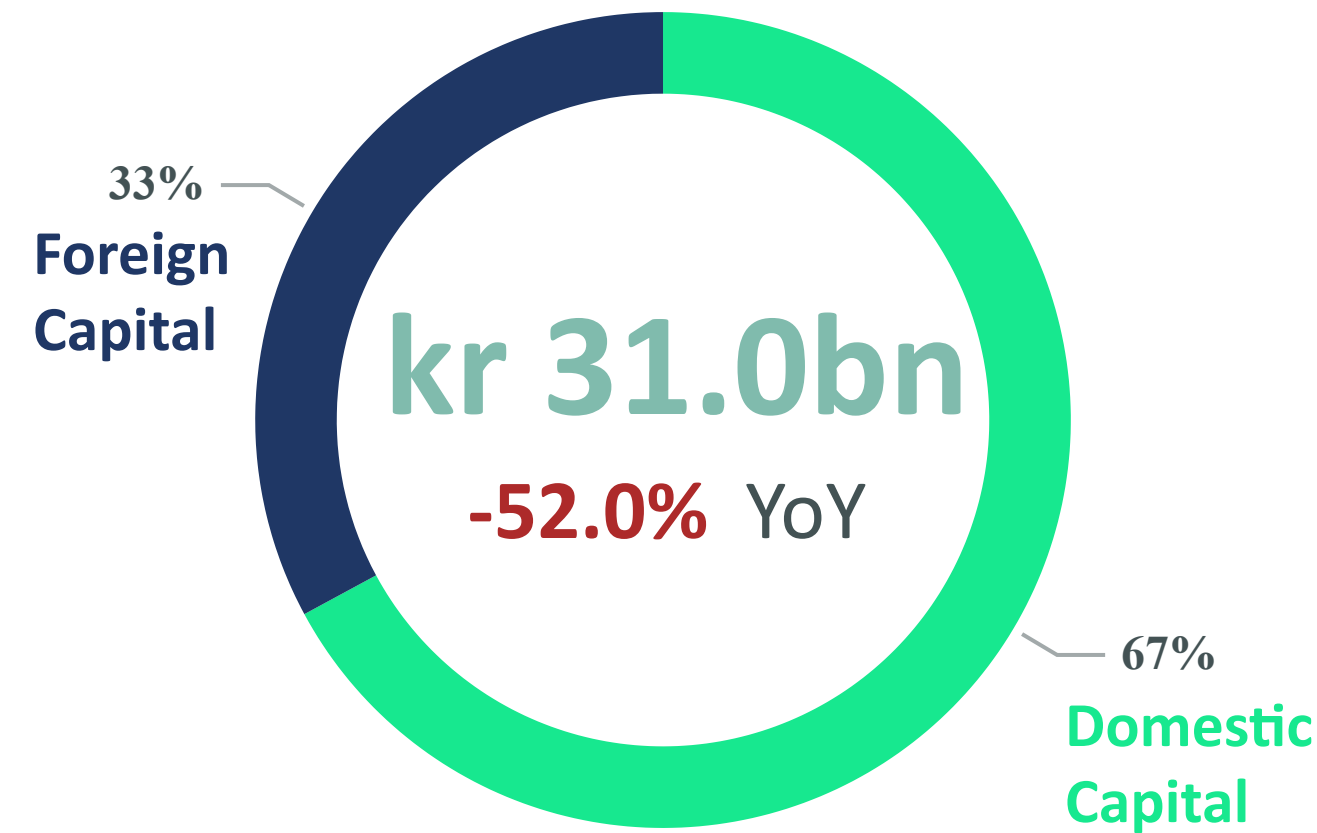


Norway Real Estate Investment Volumes Q4 2022



YTD Volume
kr 111.7bn
-30.6% YoY

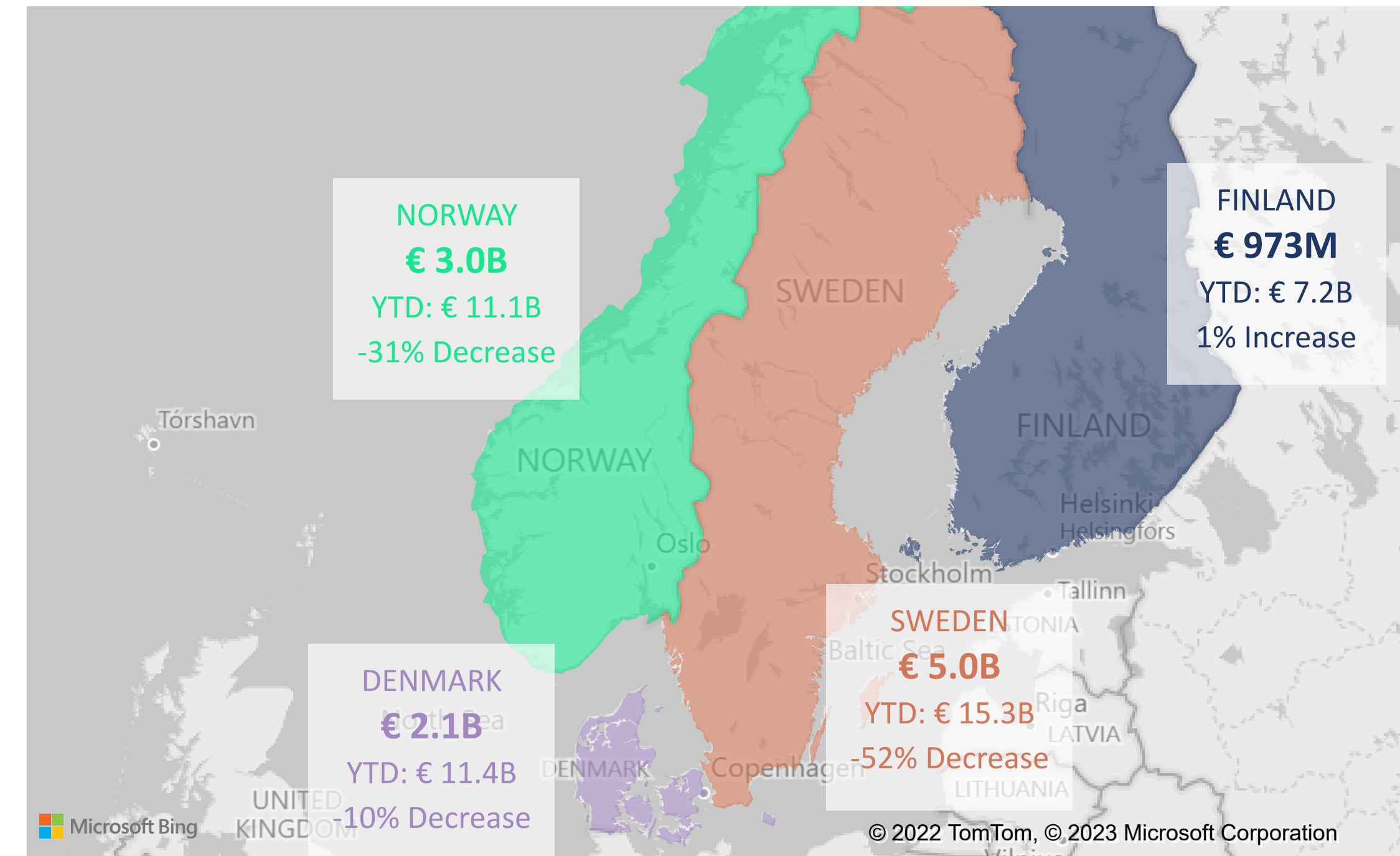
No. Transactions
93
496 YTD

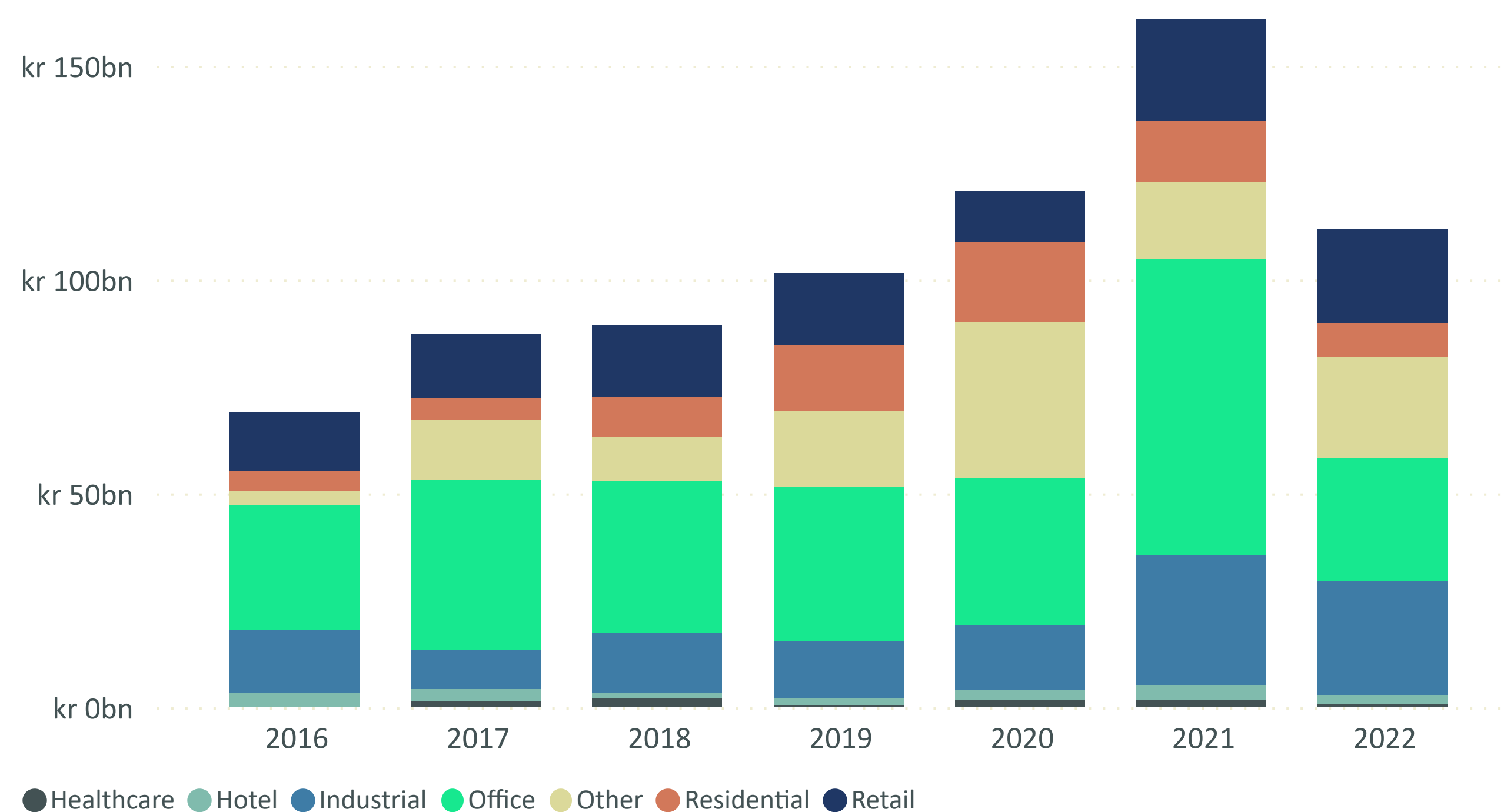
After a strong start to 2022, activity in the Norwegian CRE investment market cooled down in the second half of the year. With total investments of NOK 31.0 billion in Q4, investment volume is down 52 percent YoY. In total, investment volume for 2022 is down 30.6 percent compared to the exceptional 2021. Office remains the most popular sector (NOK 28.9 bn), closely followed by Industrial and Logistics (NOK 26.6 bn) and Retail (NOK 21.9 bn). In total, these three sectors account for close to 70 percent of the total investment volume.

In Q4, The Norwegian central bank hiked the Key Policy Rate (KPR) two times, resulting in the current level of 2.75 percent. The central bank's latest forecast indicated KPR reaching a top of between 3.00-3.25 percent before summer. The 5-year NOK swap rate reached 4 percent in October, a level we haven't seen since 2011. However, the trend has turned around and the swap rate has fallen back below 3 percent, as of mid-January.

			<u>QoQ change</u>	<u>YoY YTD change</u>
OTHER		kr 13.2bn YTD: kr 23.6bn	▲	29.6%
OFFICE		kr 6.7bn YTD: kr 28.9bn	▲	-58.3%
RETAIL		kr 5.5bn YTD: kr 21.9bn	▲	-7.5%
INDUSTRIAL		kr 2.7bn YTD: kr 26.6bn	▼	-12.6%
RESIDENTIAL		kr 2.0bn YTD: kr 7.9bn	▼	-44.3%
HEALTHCARE		kr 850.0M YTD: kr 850.0M	▲	-47.9%
HOTELS		kr 142.5M YTD: kr 2,052.0M	▲	-41.9%

Investment Volumes in Nordics Region





Yield levels have continued to widen in Q4, although at a slower pace. Going forward, CPI inflation is expected to remain at an elevated level throughout most of 2023, averaging 5.1 percent. In Q4, prime office yield has been increased by 10 bps to 4.00 percent and prime logistics yield expanded by a further 40 bps to 4.80 percent. We expect additional yield expansion in the coming quarters.

Tighter lending conditions and buyer/seller price discrepancy remain the greatest obstacle to deal activity. As the cost of hedging NOK has been greatly reduced for international investors, Norway increasingly becoming an area of interest. CBRE’s European Investor Intentions Survey of January 2023 shows that 53 percent of investors expect purchasing activity to increase or remain stable. Norway is being highlighted as one of the countries with the strongest expected total property return in 2023 among cross-border investors. 30 percent of investors signaled a preference for opportunistic or distressed assets in 2023. Discounts compared to 2022 prices are expected across all sectors with the deepest forecasted in retail and value-add offers. ESG remains a focus, with one-third of investors willing to pay premiums for ESG-friendly assets.

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