FIGURES | OFFICE | Q4 2022

Norway - Oslo

Key Performance Indicators (Q4 2022)

Prime Yield	Prime Rent	Average Rent
4.00%	6,500kr	2,705kr
Expected Investment Returns	Yearly, per sq m	Yearly, per sq m
Change YonY: 75 bps	**Change YonY:**	**Change YonY: 11.43%**

Take Up	Vacancy Rate	Typical Lease Terms
338K	5.27%	3-5 years
Square Meter	Percentage of Stock vacant	Typical Rent Free Period
920K Year2Date	**Change YonY: -84 bps**	**0-6 months**

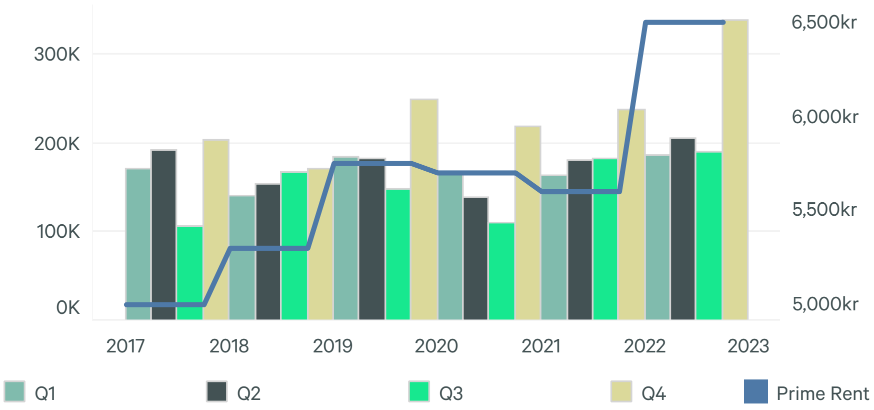
Completions	Total Stock	Forecast Completions
27K	10,179K	58K (2022)
Square Meter	Square Meter	Square Meter
58K Year2Date	**9,642K Occupied Stock**	**176K (2023) // 161K (2024)**

2022 became a strong year for the Oslo office market. Economic activity was higher than expected and contributed to high demand for office space, while low vacancy, elevated inflation, and slow development activity also put pressure on rental levels. CBRE currently forecasts a 2022 GDP growth of 3.4 percent, while mainland GDP is expected to be at 3.8 percent. CPI inflation reached a peak of 7.5 in October, before falling to 5.9 percent in December, but would have been at 7.1 percent without the household electricity bill scheme from the Norwegian government. CPI inflation is expected to remain at an elevated level throughout most of 2023, averaging 5.1 percent for the year.

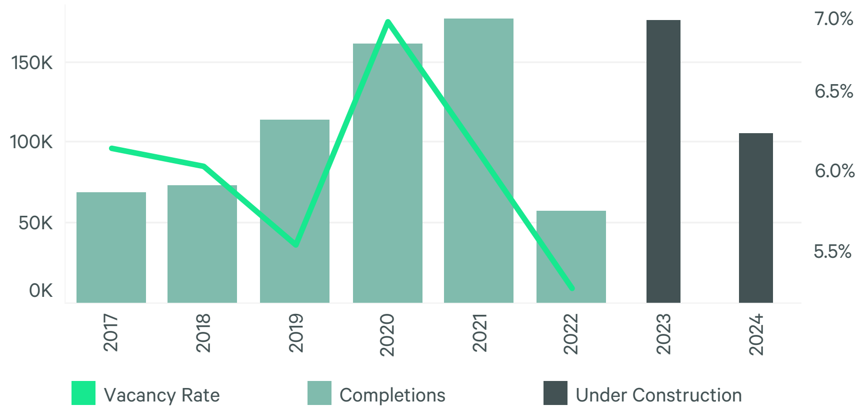
In Q4 2022, office take-up reached a record high of 338,410 sqm, which accounts for 37 percent of total take-up for the year. Total take-up of 919,650 sqm is 20 percent higher than in 2021. CBRE's latest global workplace and occupancy insights shows a 25% YoY decrease in private office space, with the main reason for returning to the office being the presence of other employees. Rather than reducing office space, there is a focus on creating more collaboration spaces and amenities to attract people back to the office.

Average office rent in Oslo has increased by 2.6 percent QoQ and 11.4 percent YoY. Grade A rents have been lagging in the last years but are picking up the pace with a QoQ growth of 2.4 percent and a YoY growth of 8.6 percent. Prime rent has increased by 16 percent YoY and is currently at NOK 6,500 per sqm per year. Office vacancy has been declining for five consecutive quarters, after reaching a peak of 7.06 percent in Q2 2021. In Q4 2022, office vacancy increased up by 23 bps and is currently measured at 5.3 percent. Development activity has been remarkably low in 2022 with a total office supply of 57,800 sqm, with less than 30,000 sqm being new developments. Although completions are expected to rise in 2023, only about a third of this is new developments.

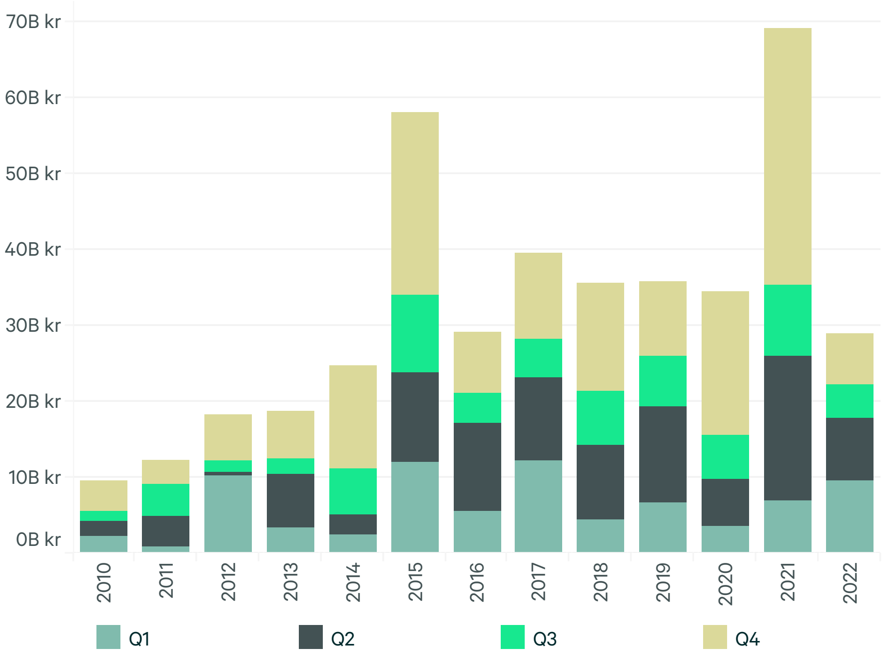
Market Trend (Take-Up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Norway Office Investment Volumes



After a challenging Q3 for most types of assets, activity in the Norwegian office investment market picked up in Q4. Office investment volume in Q4 was NOK 6.7 billion, representing a 50% increase QoQ. However, for the entire year of 2022, office investments were down 58% YoY, with a total volume of NOK 28.9 billion.

The cost of capital has been pushing yields upward in the last quarters. The prime office yield has increased by 75 bps since the beginning of 2022, to its current level of 4.0%. We expect yields to continue to rise in the coming quarters, with prime yields rising slightly more than secondary yields. Despite ongoing macroeconomic uncertainty, interest rates have decreased from their October peak. Investors have reported increased activity in the early stages of 2023, which is a positive sign for the transaction market in the coming months. It is important to pay attention to upcoming refinancing, as failed processes could force some investors to divest earlier than planned. Office remains the most in-demand sector among European investors.

In Q4 2022, there were two office deals worth over a billion NOK, with the most notable transaction being CapMan's acquisition of the KPMG building at Sørkedalsveien 6 from Entra for an undisclosed fee, estimated to be close to NOK 1.2 billion.

Contacts

Lars Haugen
Senior Analyst
(+) 47 47 37 65 25
lars.haugen@cbre.com

Jussi Niemistö
Head of Research Nordics
+358 40 537 57 60
jussi.niemisto@cbre.com