

Norway Office Figures Q3 2023

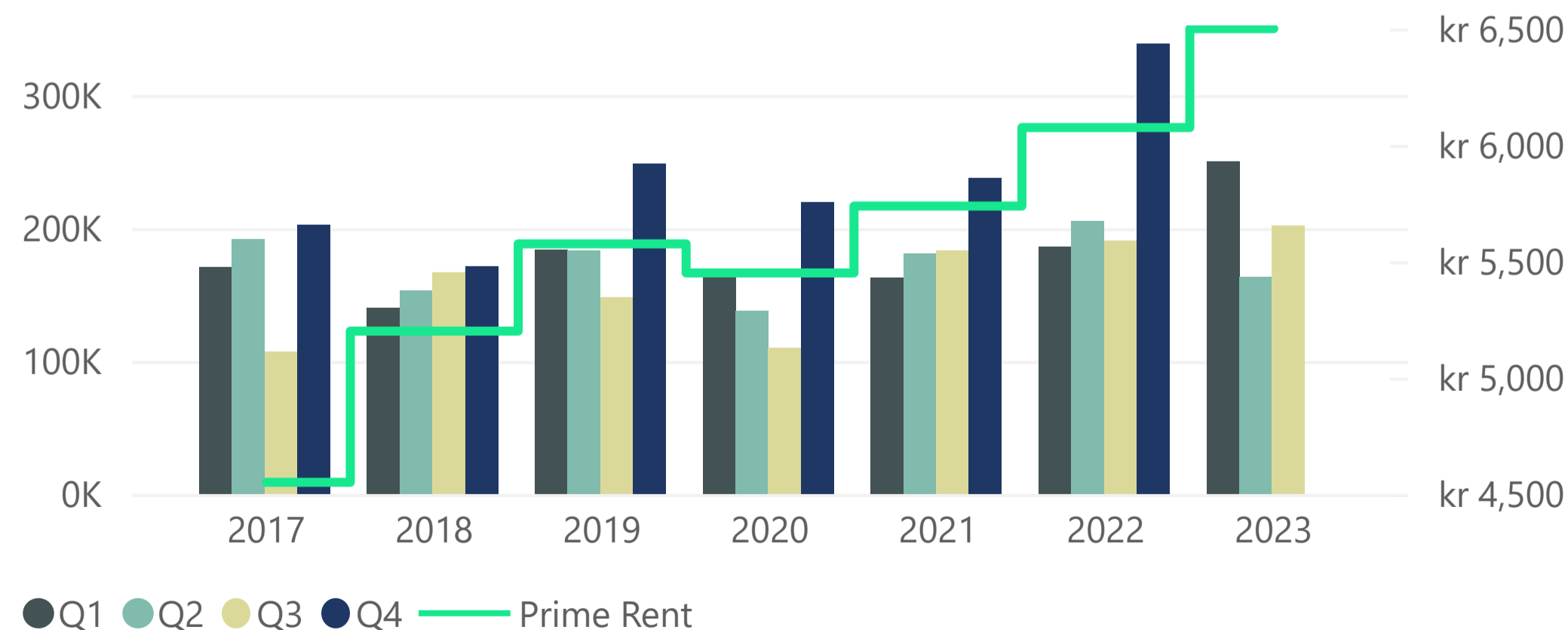
Key performance Indicators (Q2 2023)

Prime Yield 4.50% Change YoY bps : 60	Prime Rent kr 6,500.0 Change YoY: 4.8%	Average Rent kr 2,772.5 Change YoY: 5.1%
Take Up sqm (Quarterly) 202K YTD: 615K	Vacancy Rate 6.36% Change YoY: 1.33%	Typical Lease Terms 3-5 Years Typical Rent-Free Period: 0-6 months
Completions in sqm 53.2K YTD: 97.6K	Total Stock in sqm 10,198K Occupied Stock: 9,549K	Forecast Completions 174K (2023) (2024): 150K

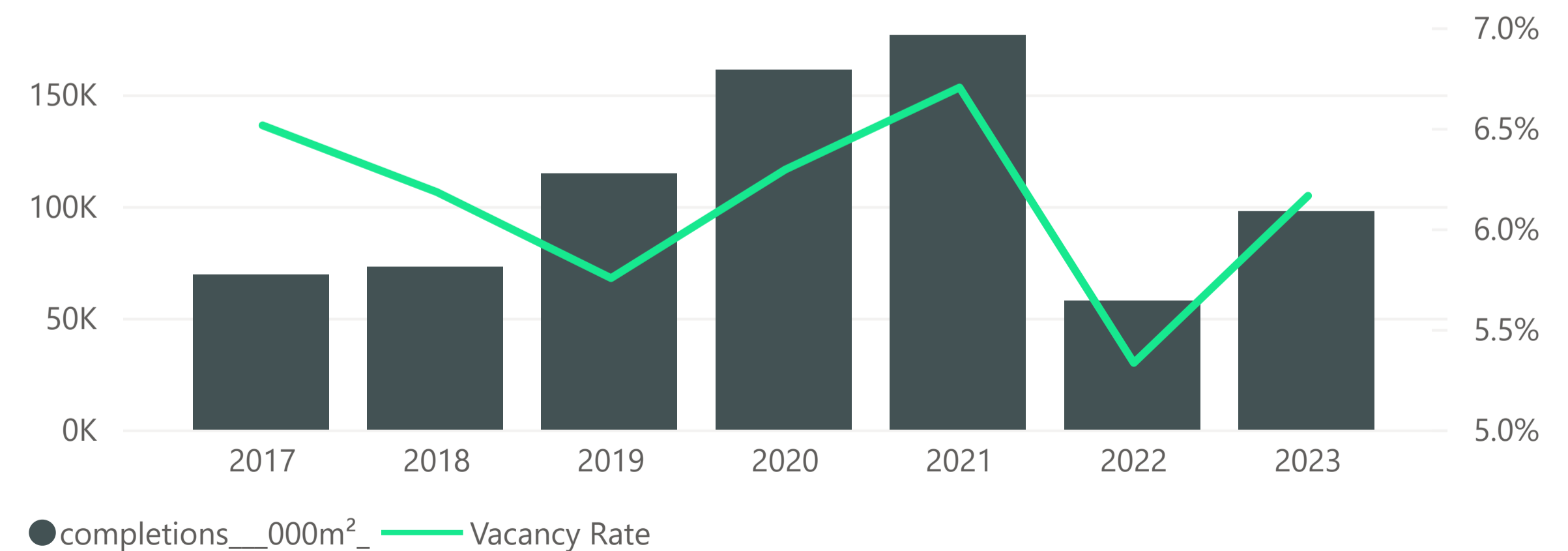
The performance of the Oslo office leasing market remains robust, albeit at a decelerated rate. As we transition into the final quarter of the year, the take-up rate is observed to be 5.8 percent higher compared to the corresponding period of the previous year. Current projections indicate an expansion of 1.3 and 1.2 percent in GDP and mainland GDP, respectively. Inflation trends in September yielded positive surprises, with the 12-month CPI inflation registering at 3.3 percent, largely attributed to anomalously low energy prices. However, as energy prices normalize, we anticipate the CPI inflation rate to average at around 4.0% in the fourth quarter.

The average office rent in Oslo has increased by 5.1 percent YoY, though this growth has not been equally distributed across the different sub-markets. CBD is leading the way with an annual growth of 18.6 percent, while areas such as Skøyen, Outer South, and Fornebu maintain rates close to those from the previous year. The top 15% of rents, categorized as Grade A rents, have consistently outpaced the average growth rate throughout the year, as evidenced by the annual increase of 9.1 percent. The third quarter vacancy data confirms the rise we saw in Q2, as Oslo office vacancy is estimated at 6.4 percent. However, development activity remains subdued, with only 53,000 square meters of new development expected to be completed in 2023.

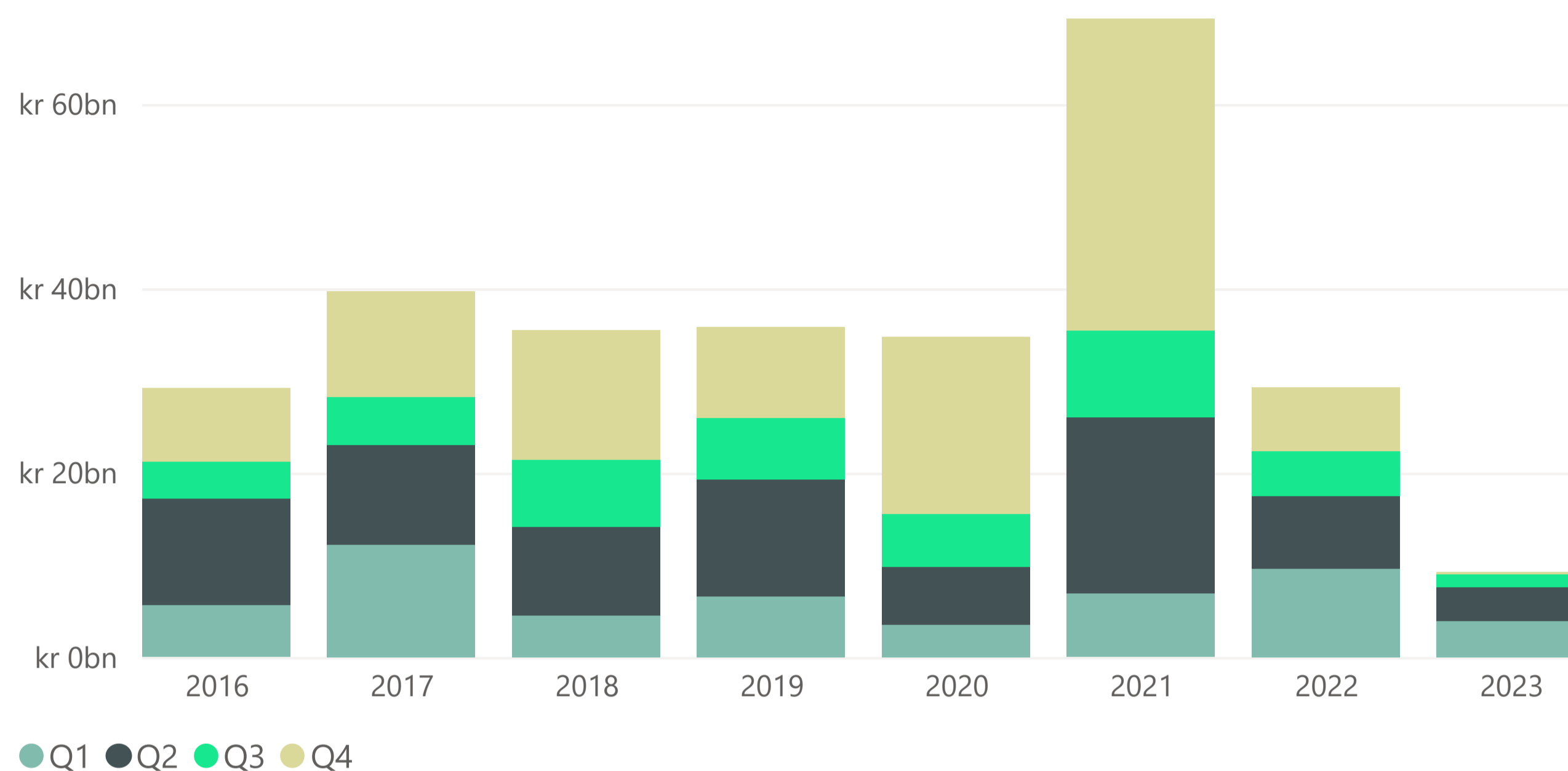
Market Trend (Take-up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Norway Office Investment Volumes



The Norwegian commercial real estate (CRE) investment market, including the office segment, has significantly contracted this year. Office investments in Q3 totaled 1.4 billion, representing a decrease of 71.3 percent YoY and 62.4 percent QoQ. Overall, the office investment volume for the first three quarters has declined by 59.7 percent. The prime office yield has increased by 125 bps since the trough, reaching the current level of 4.5 percent. Considering the standard debt cost ranges between 6.5 and 7.5 percent, yields continue to be under pressure. We expect that the prime office yield will continue to soften in the coming months.

The most significant office transactions in Q3 2023 include a DEAS funds' acquisition of Sommerrogata 13-15 from Nordea Liv, and the Tvenge family's purchase of Norske Liv-gården, Henrik Ibsens gate 53 and Inkognitogata 34, for NOK 425 million from the same vendor.

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