

Norway - Oslo

Key Performance Indicators (Q4 2023)

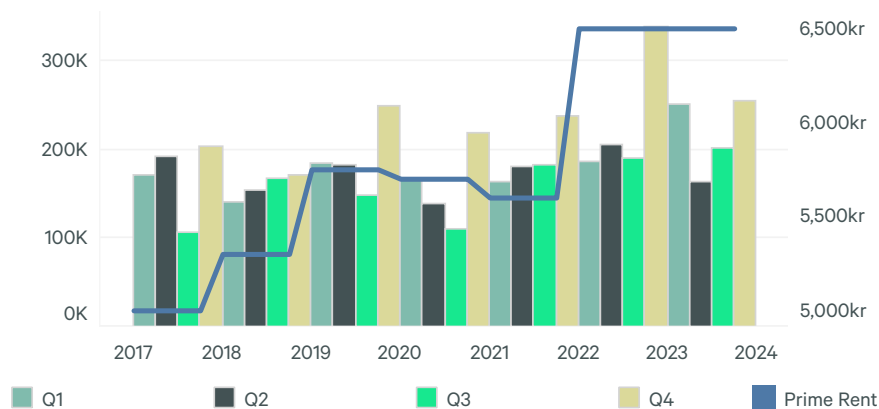
<p>Prime Yield</p> <p>4.90%</p> <p>Expected Investment Returns Change YoY: 90 bps</p>	<p>Prime Rent</p> <p>6,500kr</p> <p>Yearly, per sq m Change YoY:</p>	<p>Average Rent</p> <p>2,793kr</p> <p>Yearly, per sq m Change YoY: 3.23%</p>
<p>Take Up</p> <p>254K</p> <p>Square Meter 869K Year2Date</p>	<p>Vacancy Rate</p> <p>6.16%</p> <p>Percentage of Stock vacant Change YoY: 89 bps</p>	<p>Typical Lease Terms</p> <p>5 years</p> <p>Typical Rent Free Period 0-6 months</p>
<p>Completions</p> <p>52K</p> <p>Square Meter 150K Year2Date</p>	<p>Total Stock</p> <p>10,199K</p> <p>Square Meter 9,571K Occupied Stock</p>	<p>Forecast Completions</p> <p>150K (2023)</p> <p>Square Meter 118K (2024) // 210,547 (2025)</p>

The leasing market for offices in Oslo has been defined by a scarcity of new office development, low vacancy, and heightened demand in the recent past. In the fourth quarter, the take-up measure was at 254,000 sqm, totaling 869,000 for the full year of 2023, marking a decrease of 5.5 percent from the previous year. Despite the continued strength of take-up, indications of diminishing pressure on rental rates are emerging, although these vary significantly based on location and quality.

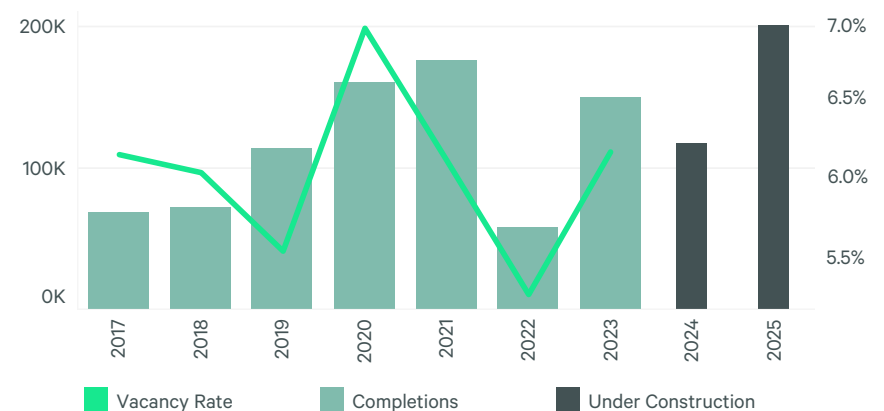
For 2023, the anticipated growth of mainland GDP is currently at 1.1 percent but is expected to decrease to 0.2 percent in 2024. CPI inflation stood at 4.8 percent in December. It is expected that inflation will continue to be elevated, with a gradual deceleration throughout the year, averaging 3.7 percent.

After an 11.4 percent increase in 2022, the average growth of office rent dropped to 3.2 percent YoY in the final quarter of 2023. Nevertheless, the top 15 percent of rents, classified as Grade A rents, are keeping a faster pace, rising by 8.2 percent YoY. The office vacancy rate was recorded at 6.16 percent in Q4, an increase of 89 bps YoY, but showing a minor decline from the previous quarter. Development activity remains subdued, with the Oslo market seeing less than 50,000 sqm of new office supply last year. We anticipate completion of approximately 60,000 sqm in 2024 and 150,000 in 2025. The forecasted completions included in the table account for redevelopment.

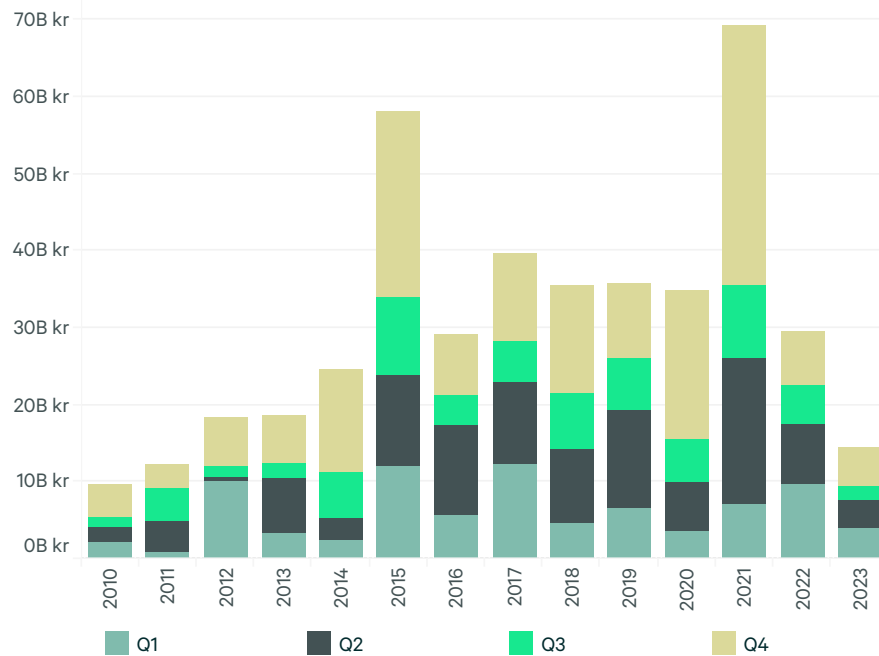
Market Trend (Take-Up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Norway Office Investment Volumes



Note: 2023 annual numbers till 12/31/2023

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Investments in the office sector saw a YoY decline of 28 percent in the fourth quarter, amounting to a total of NOK 5.0 billion. Over the course of the year, office investment reached NOK 14.5 billion, marking a 51 percent decrease from 2022. This aligns with the broader commercial real estate investment volume, which experienced a 52 percent YoY reduction in 2023. The prime office yield has escalated by 165 basis points since the second quarter of 2022, arriving at its current level of 4.90 percent. Toward the end of the previous year, long swap rates saw a decrease of nearly 100 basis points, alleviating some of the pressure on further yield expansion. Despite the nearing end of yield softening, we foresee the possibility of a minor increase in the prime yield in the upcoming months.

Noteworthy office transactions in the final quarter of 2023 include NPRO's acquisition of Kongens gate 21 (Telegrafan), valued at NOK 1.6 billion, from an Arctic syndicate, and Entra's sale of Cort Adlers gate 30 to Endre Glastad for approximately NOK 1.0 billion. These transactions exemplify that the city centre of Oslo has been the dominant player in the office transaction volume for 2023, contributing to approximately half of the total office volume nationwide.

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