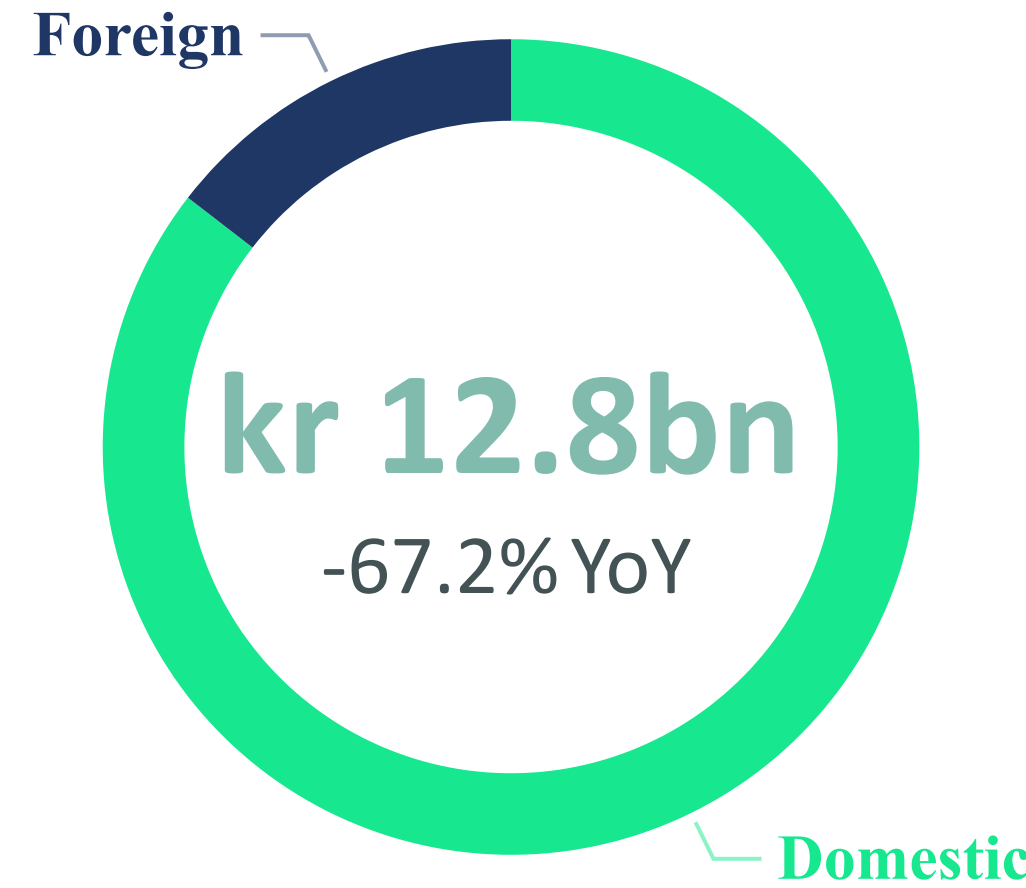


# Norway Real Estate Investment Volumes Q1 2023



YTD Volume

**kr 12.8bn**  
Year-1: kr 39.1bn

No. Transactions

**77**  
Year-1: 182

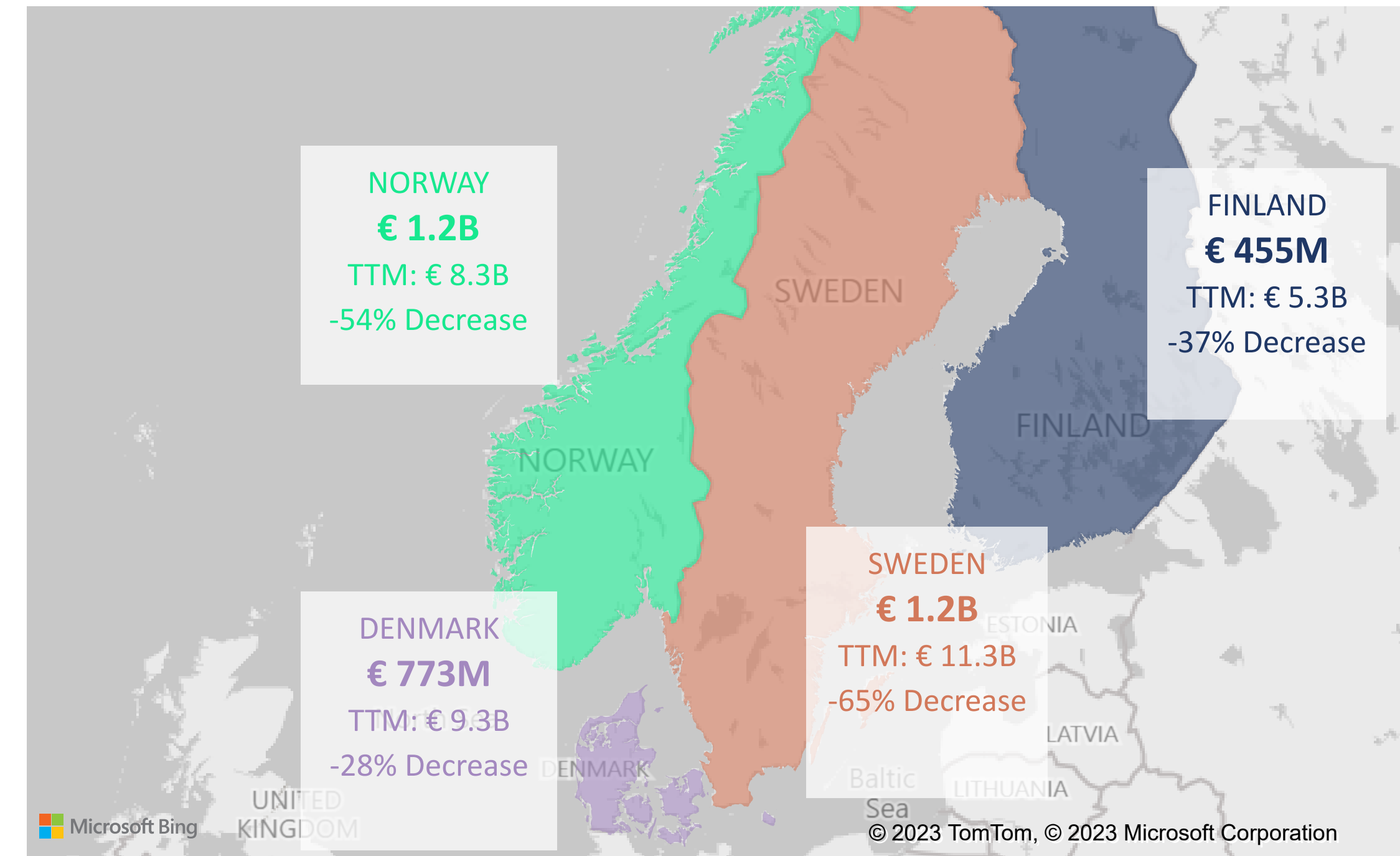
The Norwegian CRE investment had a slow start to the year, with total investments of NOK 12.8 billion in Q1, down 67 percent YoY.

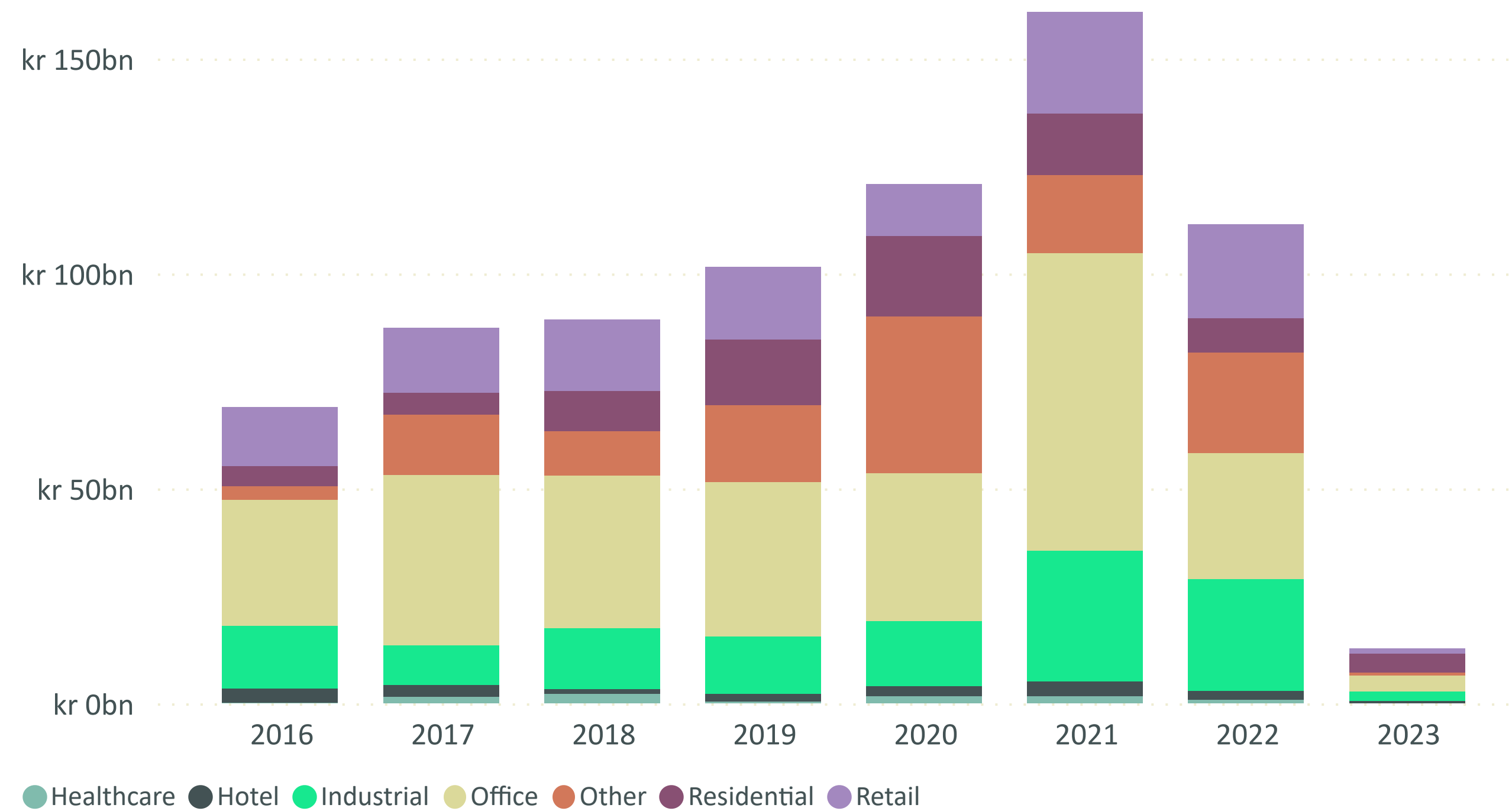
We registered only two deals worth more than a billion NOK, both within Residential, as Heitman acquired the majority of Bo Coliving, and Fredensborg sold Sinsenveien 56-74 to Oslo University Hospital and the State. Hence, Residential was the most popular sector in Q1 with total investments of NOK 4.5 bn. Office investments decreased by 62 percent YoY to NOK 3.7 bn, while Industrial and Logistics fell by 86 percent to NOK 2.2 bn. Retail investments fell by 87 percent to NOK 1.1 bn in Q1. In total, the three historically main sectors Office, I&L, and Retail accounted for 54 percent of the total investment volume.

The Norwegian central bank hiked the Key Policy Rate (KPR) once in Q1, to the current level of 3.00 percent. The central bank's latest forecast indicates a peak KPR of 3.50-3.75 towards the end of the year. The 5-year NOK swap rate has been volatile in the first quarter, moving from 2.85 percent in early February to 3.75 percent at the beginning of March. The fluctuations reflect the current macroeconomic uncertainty.

|             |  |                                    | <u>QoQ change</u> | <u>YoY YTD change</u> |
|-------------|--|------------------------------------|-------------------|-----------------------|
| OTHER       |  | <b>kr 600.0M</b><br>YTD: kr 600.0M | ▼                 | -71.1%                |
| OFFICE      |  | <b>kr 3.7bn</b><br>YTD: kr 3.7bn   | ▼                 | -61.7%                |
| RETAIL      |  | <b>kr 1.1bn</b><br>YTD: kr 1.1bn   | ▼                 | -87.5%                |
| INDUSTRIAL  |  | <b>kr 2.2bn</b><br>YTD: kr 2.2bn   | ▼                 | -86.3%                |
| RESIDENTIAL |  | <b>kr 4.5bn</b><br>YTD: kr 4.5bn   | ▲                 | 138.8%                |
| HEALTHCARE  |  | <b>kr 63.8M</b><br>YTD: kr 63.8M   | ▼                 | N/A                   |
| HOTELS      |  | <b>kr 551.6M</b><br>YTD: kr 551.6M | ▲                 | -3.1%                 |

## Investment Volumes in Nordics Region





The low deal activity in Q1 is a symptom of continued buyer/seller price discrepancy and tight lending conditions. Prime office yield has been increased by 10 bps to 4.10 percent to indicate our expectations of additional yield expansion in the coming quarters. We expect CPI inflation to average 4.6 percent in 2023 with a gradual reduction towards the end of the year.

Although few deals closed in Q1, investors remain active. There's substantial capital, both foreign and domestic, ready to be deployed to the Norwegian CRE market. Reduced hedging costs, strong population growth, and high macroeconomic stability make the Nordics, and especially Norway, attractive to international investors. Investors still expect discounts from last year's property prices, but we expect deal activity to pick up in the second half of 2023.

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