

Akershus Eiendom - Newsletter

April 2021

Capital markets

The investment volume for March, tallied NOK 3.7 billion, taking the year-to-date volume to NOK ~ 14 billion. This represents a moderate volume, but our analysis suggests that it is primarily a consequence of limited opportunities in the market. Moreover, pricing remains stable, with no evidence of the rise in long interest rates (short-rates still low) having impacted on yields.

Akershus Eiendom acted as sell-side advisor for Oslo Areal on the sale of Strandveien 4-8 and 10, located on the western fringe of Oslo (Lysaker). The acquirer is an SPV launched by Clarksons Platou and it traded for NOK 1,060 million / cap rate 4.75%. Oslo Areal have also divested their Stavanger asset Laberget 24 at Hinna to Hinna Park AS - a JV between Entra ASA and Camar Eiendom.

Akershus Eiendom have also facilitated Avantor's acquisition of 75% of the shares in the development company Slemmestad Brygge. The company holds large land areas west of Oslo, with an estimated pipeline of 1,300 dwellings and 55,000 sq. m of commercial development.

The Swedish property company Balder Fastigheter have divested their asset "Inland Norway University of Applied Sciences" to an SPV originated by Arctic Securities. Secured against public credit and with a weighted lease term of 17-years the asset traded at a 4.2% cap rate (NOK 1,141 million). Akershus Eiendom advised Arctic on the transaction.

H.I.G. Capital, together with Hamilton Hotel Partners, have recently completed the acquisition of the 170-keys resort Hotel Ullensvang. Additionally, Hurtigruten, most known for their coastal express routes, have sold their Svalbard hotel portfolio to Store Norske for MNOK 690.

Office prime cap rates

Oslo 3.30 % ▶ 0 bps

Regional 4.00 % ▶ 0 bps

Change last quarter

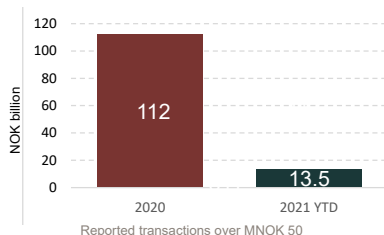
Segments prime cap rates

Logistics 4.25 % ▼ 25 bps

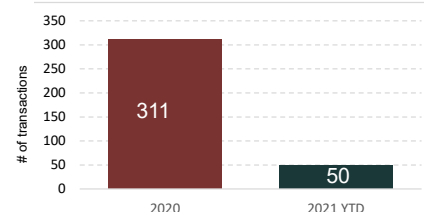
Retail 3.75 % ▶ 0 bps

Change last quarter

Transaction volume (BNOK)



Transactions



Latest transactions

Asset	Status	Quarter	Asset type	Location	Area (sq. m)	Gross property value (MNOK)	Cap rates	Purchaser	Vendor
Slemmestad Brygge	Closed	Q1 2021	Development	Asker (Greater Oslo)	n.a.	Not Disclosed	n.a.	Avantor	DNB Eiendomsutvikling, Stalro + private
Grensen 5-7	Under-offer	Q1 2021	Office	City centre, north	14 264	Not disclosed	3.7 %	SPV by Colliers	SPV by Clarkson Platou
Bohus hovedlager	Under-offer	Q1 2021	Logistics/Industrial	Fetsund	30 578	Not disclosed	4.55 %	Not disclosed	Bohus
Hurtigruten Svalbard Portfolio	Closed	Q1 2021	Hotel, retail	Svalbard	40 000	690	n.a.	Store Norske	Hurtigruten Group
Bekkestua Senter	Under-offer	Q1 2021	Retail	Bekkestua	23 445	585	n.a.	SPV by Realkapital	Deka
Kolonial Liertoppen	Under-offer	Q1 2021	Logistics/Industrial	Lierskogen	18 702	Not disclosed	~4.3 %	NREP	Liertoppen Vest AS
Kanalpiren (Laberget 24)	Under-offer	Q1 2021	Office	Stavanger	25 386	375	n.a.	Hinna Park AS (Entra/Camar)	Oslo Areal
Regional big box portfolio	Under-offer	Q1 2021	Big box	Fredrikstad, Hamar	21 000	n.a.	n.a.	SPV by NRP	Ragde Eiendom, Mime Invest
Biohuset Hamar	Under-offer	Q1 2021	Other	Hamar	7 900	300	n.a.	Tema Eiendom	Syndikat v/Arctic Securities
Termingen Arena	Closed	Q4 2020	University College	Elverum	16 934	1 141	4.2%	SPV by Arctic	Balder Fastigheter
Strandveien 4-8-10	Closed	Q4 2020	Office	Lysaker	19 148	Not Disclosed	Not Disclosed	SPV by Clarkson Platou	Oslo Areal

Macro

- Norges Bank kept the policy rate unchanged at 0% at the monetary policy meeting on 17 March. However, the rate path was adjusted significantly. Norges Bank now signals a 50% chance for a hike in Sept-21, and given a hike in Sept-21, a 25% chance of another hike in December.
- Vaccine news, stronger growth of trading partners' economies, a further rise in housing prices and wages, high savings rates, as well as a significantly higher oil price contributed to the rate path adjustment.
- Statistics Norway published updated economic trends 12 March. Their forecast was revised up by 10 bps to 3.8% for 2021, up 30 bps to 3.4% in 2023 and down 40 bps in 2023 from 1.5% to 1.1%.
- Norges Bank's unemployment rate forecast for 2022 was revised marginally down. A gradual decline to a normal unemployment level is expected by 2022.
- The NOK exchange rate as measured by the import-weighted index I-44, has appreciated in recent months and is now back at pre-pandemic levels. The NOK appreciation likely reflects reduced uncertainty in global financial markets and a rise in oil prices.

Interest rates

	Latest	m-o-m change	3 m change	y-o-y change
3y swap	1.15 %	0.14 %	0.43 %	0.46 %
5y swap	1.47 %	0.11 %	0.52 %	0.73 %
10y swap	1.86 %	0.09 %	0.57 %	0.89 %
Key policy rate	0.00 %	0.00 %	0.00 %	-0.25 %
1m NIBOR	0.26 %	-0.05 %	-0.05 %	-0.37 %
3m NIBOR	0.38 %	-0.07 %	-0.07 %	0.37 %
6m NIBOR	0.42 %	-0.04 %	-0.09 %	-0.58 %

Exchange rates

	Latest	m-o-m change	3 m change	y-o-y change
USD/NOK	8.53	0.0 %	0.1 %	-18.3 %
EUR/NOK	10.23	0.8 %	-1.3 %	-9.8 %
SEK/NOK	98.20	-1.6 %	-4.0 %	-5.8 %
DKK/NOK	135.48	-0.7 %	-2.8 %	-10.9 %
KRW/NOK	0.76	0.8 %	-1.9 %	-10.9 %

Macroeconomic indicators

	2021E	2022E	2023E	2024E
GDP mainland Norway	3.3 %	3.6 %	2.4 %	2.2 %
CPI	2.7 %	1.8 %	1.9 %	2.1 %
Employment	0.9 %	1.2 %	1.0 %	1.1 %
Unemployment	4.5 %	4.2 %	4.0 %	3.8 %

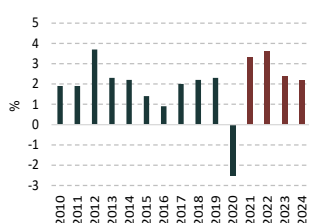
Source: Statistics Norway. Next update June 4th 2021

Other indicators

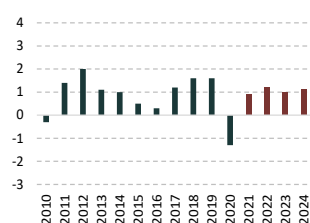
	Latest	m-o-m change	3 m change	y-o-y change
CCI	2.8	2.6	2.3	13.2
PMI	60.4	2.9	4.9	18.5
Oil price	62.8	-9.7 %	16.1 %	18.6 %
Residential Oslo (NOK / sq. m.)	80,992	2.4 %	8.2 %	15.2 %
Residential Norway (NOK / sq. m.)	45,672	1.3 %	5.3 %	9.7 %

Source: Eiendom Norge, Opinion

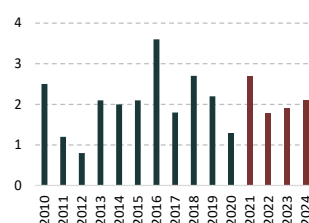
GDP change (%)



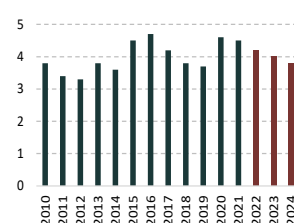
Employment change (%)



CPI (%)

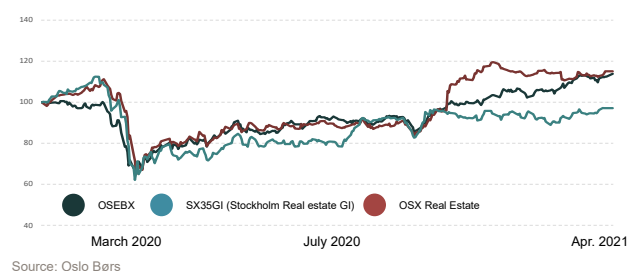


Unemployment rate (%)



Equity markets

Indices



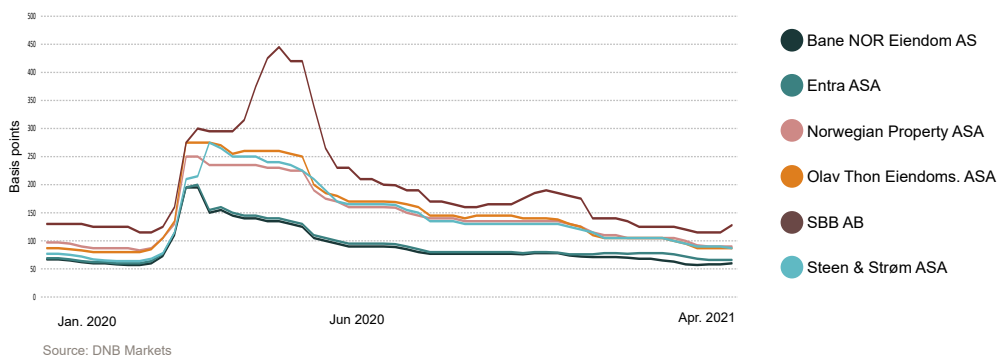
Selected Nordic Equities

Asset	Latest	Last week (%)	Last mnth. (%)	YTD. (%)	Discount to NAV*
Entra	190	2%	6%	-2%	2%
NPRO	14	0%	4%	7%	-22%
Olav Thon	162	0%	-3%	-11%	-49%
Pandox	158	5%	6%	9%	-6%
Selvaag Bolig	67	3%	9%	15%	n.a
SBB	28	2%	9%	-3%	-1%
Solon	37	-2%	7%	1%	n.a
Self Storage Group	24	3%	3%	-8%	n.a

*Price/NAV is based on NAV reported in fourth quarter 2020

Debt markets

Credit spreads - 5Y tenor - indicative levels over 3-month NIBOR



Leasing market

- Positive sentiment in the leasing market. The economic effects of the pandemic have been very sector-specific, and sectors that are largely office-based, such as tech, finance and public administration, have experienced solid results. Several large contracts over 1,000 sq.m. have been signed recently.
- Aas-Jacobsen, a leading building and construction consultancy will relocate to Lillekerbyen along with four other companies; ViaNova Plan og Trafikk, Trimble Solutions Sandvika, Electronova and Geovita. They will occupy the first building, Vollsveien 9-11, in the large-scale development project Lillekerbyen (330 000 sq.m. planning area) on the western fringe of Oslo. Akershus Eiendom are responsible for leasing out the property.
- Chinese automobile manufacturer NIO have signed a contract with Eiendomsspar in Karl Johans gate 33. The electric vehicle firm will open their 2,160 sq.m. flagship store, NIO House, in the late summer. This will be the second electric vehicle firm to open a flagship store in Oslo's prime shopping district following Polestar.

Office prime rents

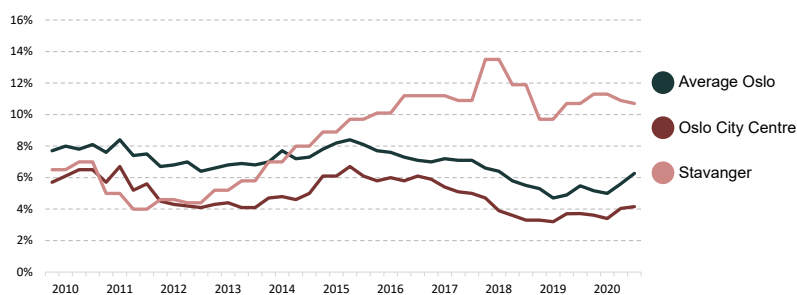
Oslo CBD	NOK 4,750	▶ NOK 0
Oslo Fringe	NOK 2,000 - NOK 3,500	
Stavanger	NOK 3,250	▶ NOK 0

Segment prime rents

Logistics	NOK 1,200	▶ NOK 0
High-street Retail	NOK 20,000	▶ NOK 0

Change last quarter

Vacancy



Selection of new leases

Address	Tenant	Sq. m.	WALT (years)	Sub-market
Grev Wedels plass 9	Innovasjon Norge	5,300	10	Office
Innspurten 11	Niras	~2,000	n.a.	Office
Holtermannsveg 1-13	Volue	~2,000	8	Office
Holtermannsveg 1-13	WSP	~2,000	8	Office
Lagårdsveien 6 (Stavanger)	Politiet	13,600	5	Police station
Strandveien 50	Freyr	~2,000	5	Office

New supply - office

Project	Area (sq.m)	Expected completed	Area	Owner
Lørenfaret 1	55 000	Completed	Økern	Oslo Pensjonsforsikring
Freserveien 1	23 000	jul. 21	Indre by øst	OBOS
Valle View (Innspurten 13)	22 000	sep. 21	Helsfyr-Bryn	Valle Eiendom Holding
Ruseløkkveien 26	41 000	okt. 21	CBD, Vikka- Aker Brygge	Storebrand/Aspelin
Drammensveien 126	11 300	mar. 22	Skøyen	Fram Eiendom
Universitetsgata 7	19 800	mar. 22	City centre north	Entra ASA
Oksøyveien 10	30,000	jun. 23	Fornebu	Aker Property Group

Take-up

