

# Akershus Eiendom - Newsletter

August 2021

## Capital markets

Investment volumes for the first half of 2021 ended at a record NOK 67 billion. July is typically a period of less activity, with most market participants away on summer holiday. Still, some key deals have been made public since our last market update, bringing the YTD-volume up to NOK 78 billion.

The Azrieli Group (Israel) have purchased 100 % of the shares in the data centre company Green Mountain from the Norwegian family office Smedvig Group. The transaction involves 3 data centres and the reported enterprise value amounts to NOK 7.6 billion. Azrieli pointed to significant growth in the data centre market in Scandinavia, along with stable energy sources and the lowest electricity prices in Europe, as being key drivers behind the acquisition.

On 15th July 2021 Geveran Trading Co. acquired 14.7% of the shares in listed Norwegian Property ASA (OSE: NPRO) at a price of NOK 18.5 per share from the Government Pension Fund Norway (Folketrygdfondet). Following this and other smaller acquisitions, John Fredriksen, through Geveran Trading Co. Limited, holds 97.5% shares and votes in Norwegian Property ASA. Geveran intends to carry out a compulsory acquisition of the remaining shares at the same price.

Johan Johansson and Øivind Tidemand (through a Pareto SPV) have acquired a development portfolio at Billingstadsletta on the Western Fringe of Oslo (Asker), from Floberg Holding at a reported underlying property value of NOK 1.8 billion (including earn-outs). Annual rental income amounts to NOK 64 million, combined with an estimated development potential of 50 000 sq. m of residential and commercial space.

Larger acquisitions within the residential private rental sector have historically been limited. However, there has been an increasing number of deals within this sector over the last 12-months and we expect more opportunities to arise going forward.

### Office prime cap rates

Oslo **3.30 %** ▶ 0 bps

Regional **4.00 %** ▶ 0 bps

Change last quarter

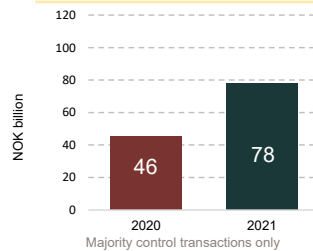
### Segments prime cap rates

Logistics **4.13 %** ▼ 12.5 bps

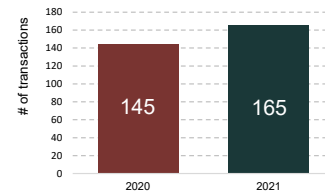
Retail **3.75 %** ▶ 0 bps

Change last quarter

### YTD Transaction volume (BNOK)



### YTD # Transactions



## Latest transactions - selected sample

Asset	Status	Quarter	Asset type	Location	Area (sq. m)	Gross property value (MNOK)	Cap rates	Purchaser	Vendor
Green Mountain (data centres)	Closed	Q3 2021	Logistics/Infrastructure	Stavanger, Rjukan, Enebakk	Not disclosed	7 600 <sup>1</sup>	Not disclosed	Azrieli Group	Smedvig
Grensen 5-7	Closed	Q2 2021	Mixed-use	Oslo CBD	14 264	1 425	3.7%	JV (OPF & PHE)	Clarksons Platou Real Estate
Lagårdsveien 46	Closed	Q3 2021	Office - public tenants	Stavanger	20 000	~700	~ 4.75-5%	Storebrand (SEN KS)	SPV by Pareto Sec
RSV-portfolio (Project Home) <sup>2,3</sup>	Under offer	Q3 2021	Private rental sector	Oslo	15 070	~ 1 250 <sup>2</sup>	~4.25% <sup>3</sup>	Confidential	RSV (private)
Floberg Portfolio - Billingstad	Closed	Q2 2021	Development and retail	Oslo - Eastern Fringe	43 279	1 600 (+earn-out)	-	Pareto Securities	Floberg Holding
Public properties   Project Citizen portfolio <sup>4</sup>	Closed	Q2 2021	Office - public tenants	Multiple locations   31 assets	167 500	2 900	5.6%	Public Properties (Arctic SPV)	SBB AB and various other vendors
Aurora	Closed	Q2 2021	5 regional shopping centres	Vinterbro	109 000	4 800	-	Aurora Eiendom	Steen & Strøm (Klepierre) / KLP
DSV - Vestby	Closed	Q2 2021	Logistics	Regional	58 040	1 200	4.2%	SPV by Arctic Sec	SPV by NRP
Fystikkalleen 1	Closed	Q2 2021	Office	Oslo - Eastern Fringe	36 000	2 400	3.7%	Entra ASA	SPV by Arctic Sec
Oslo S Utvikling <sup>5</sup>	Closed	Q2 2021	Development company	Oslo CBD	n.a	1 500	n.a.	Entra ASA, Linstow	Bane NOR (33% share-holding)

1) Enterprise value

2) Under offer - reported values is an estimate and not verified

3) NO-yield excluding management costs

4) 33% of the outstanding shares in the Bjarvika development company Oslo S Utvikling

5) Portfolio includes acquisition of 33.6% of the outstanding shares in company Offentlig Eiendom AS

## Macro

- COVID 19: The adult population is expected to be fully vaccinated by the end of September, three weeks earlier than previously expected, suggesting a complete easing of coronavirus restrictions
- The impact of last year's decline in interest rates has faded as prices have flattened / come slightly down in recent months (seas. Adj July figures down 0.2% in July), but prices are still 8.5% higher y-o-y. The surge in housing prices over the course of the pandemic has been a contributing factor in the Central Bank's eagerness to increase the key policy rate – first hike scheduled for September.
- LFS (AKU) employment rose by 1.5% in Q2 – representing record growth and just shy of pre-pandemic levels. LFS unemployment rose to 4.9% (4.7%) as participation rate rose. Unemployment as measured by the Norwegian Labour and Welfare Administration (NAV) stands at 3%. The percentage of the workforce on furlough has been drastically reduced since March 2020 and now only accounts for 1.4 % of the total workforce according to NAV.
- The Norwegian industrial PMI increased by 2.3 points to 63.3 in July. This is the highest level since July 2017. Note that the July survey, as usual, is characterized by a low response rate, which requires particular caution in the interpretation of the outcome

### Interest rates

	Latest	m-o-m change	3 m change	y-o-y change
3y swap	1,26 %	0,11 %	0,11 %	0,67 %
5y swap	1,52 %	0,05 %	0,05 %	0,83 %
10y swap	1,76 %	-0,10 %	-0,10 %	0,84 %
Key policy rate	0,00 %	0,00 %	0,00 %	0,00 %
1m NIBOR	0,15 %	-0,11 %	-0,16 %	-0,48 %
3m NIBOR	0,20 %	-0,18 %	-0,18 %	-0,17 %
6m NIBOR	0,38 %	-0,04 %	-0,13 %	-0,62 %

### Exchange rates

	Latest	m-o-m change	3 m change	y-o-y change
USD/NOK	8,80	4,5 %	5,0 %	-5,5 %
EUR/NOK	10,38	2,2 %	3,3 %	-2,8 %
SEK/NOK	100,85	0,5 %	2,0 %	-2,1 %
DKK/NOK	139,65	2,3 %	3,4 %	-2,5 %
KRW/NOK	0,76	1,3 %	1,3 %	-2,0 %

### Macroeconomic indicators

	2021E	2022E	2023E	2024E
GDP mainland Norway	3.1 %	4.1 %	2.4 %	1.9 %
CPI	2.1 %	2.0 %	1.8 %	1.9 %
Employment	0.4 %	1.4 %	1.0 %	1.0 %
Unemployment	4.6 %	4.2 %	3.9 %	3.7 %

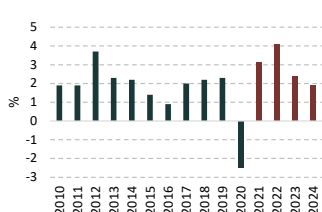
Source: Statistics Norway. Next update: September 3rd 2021

### Other indicators

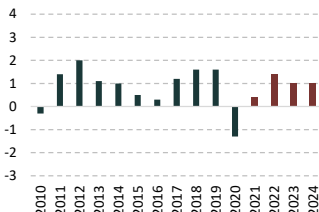
	Latest	m-o-m change	3 m change	y-o-y change
CCI	4,2	-0,2	1,4	5,2
PMI	50,3	-11,7	-9,7	9,1
Oil price	69,2	-8,0 %	7,3 %	64,7 %
Residential Oslo (NOK / sq. m.)	86 007	-0,2 %	-1,2 %	9,4 %
Residential Norway (NOK / sq. m.)	48 650	-1,1 %	-0,3 %	8,5 %

Source: Eiendom Norge, Krogsvæn, Opinion

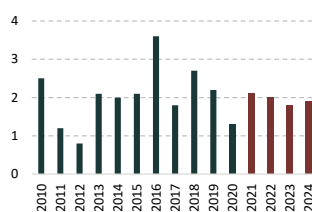
### GDP change (%)



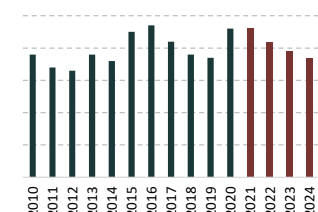
### Employment change (%)



### CPI (%)

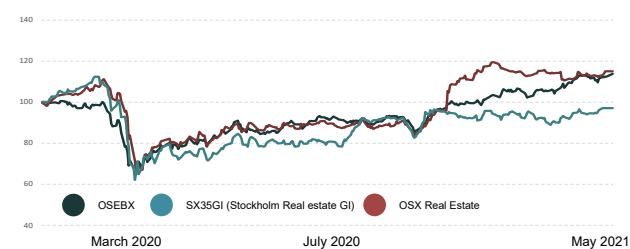


### Unemployment rate (%)



## Equity markets

### Indices



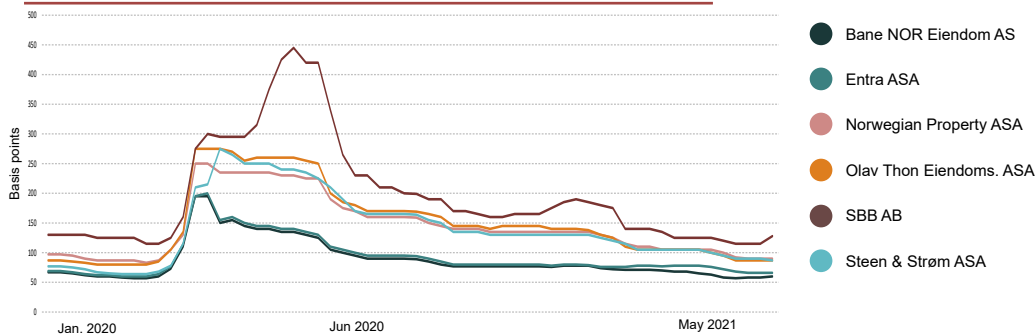
### Selected Nordic Equities

Asset	Latest	Last week (%)	Last mnth. (%)	YTD. (%)	Discount to NAV*
Entra	220	1%	5%	16%	11%
NPRO	18	0%	23%	38%	-16%
Olav Thon	194	1%	6%	6%	-39%
Pandox	145	3%	-6%	0%	-15%
Selvaag Bolig	60	1%	0%	8%	n.a.
SBB	45	1%	11%	60%	79%
Solon	36	-1%	-1%	-2%	n.a.
Self Storage Group	31	7%	11%	20%	n.a.

\*Price/NAV is based on NAV as published in latest quarterly report by the respective companies

## Debt markets

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



## Leasing market

- Summing up first half of 2021 office take-up has been strong and vacancy levels remaining at moderate levels. Particularly Oslo CBD is again showing a strong rental market with key property owners reporting high leasing activity and record low vacancy. The outlook for fringe areas is generally more uncertain with some areas having a strong supply side.
- While data is less transparent for logistics, we are starting to see real rental growth for the best hubs surrounding Oslo.

### Office prime rents

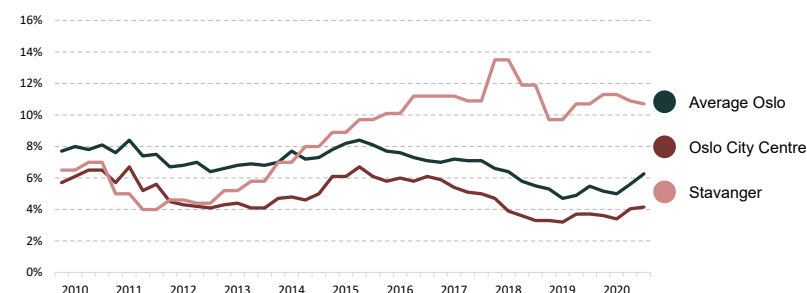
Oslo CBD	NOK 4,850	▲ NOK 100
Oslo Fringe	NOK 2,000 - NOK 3,500	
Stavanger	NOK 3,250	▶ NOK 0

### Segment prime rents

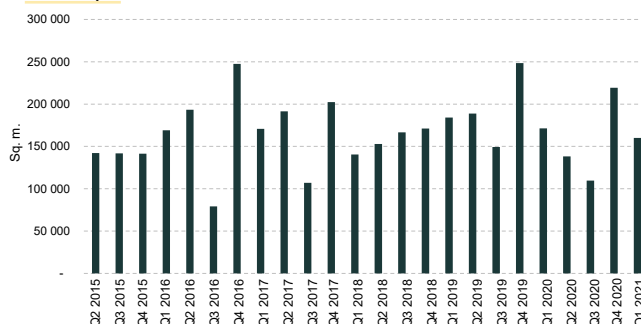
Logistics	NOK 1,200	▶ NOK 0
High-street Retail	NOK 20,000	▶ NOK 0

Change last quarter

### Vacancy



### Take-up



### Selection of new leases

Address	Tenant	Sq. m.	WALT (years)	Sub-market
Innspurten 11	Statens Vegvesen	8 000	n.a.	Office
Vahls gate 1	*Oslo kommune Plan-	13 200	10	Office
Fornebuveien 3	*Schlumberger	~2 400	3	Office
Ruseløkkaveien 26	NREP	900	5	Office
Essendropsgate 3	Hjelp Forsikring	~7000	n.a.	Office

### New supply - office

Project	Area (sq.m)	Expected completed	Area	Owner
Lørenfaret 1	55 000	Completed	Økern	Oslo Pensjonsforsikring
Freserveien 1	23 000	Completed	Indre by øst	OBOS
Valle View (Innspurten 13)	22 000	Sep. 21	Helsfyr-Bryn	Valle Eiendom Holding
Ruseløkkaveien 26	41 000	Aug. 21	CBD, Vikå-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