

# Akershus Eiendom - newsletter

December 2020

## Capital markets

Following record volumes in September and October, transaction volumes came down in November, although still amounting to a sizeable NOK 12 billion executed or under offer. Moreover, investor sentiment remains very strong with continued pressure on cap rates. Prime yield Oslo has been adjusted down another 20 bps to 3.3% based on observed transactions. The yield compression is not limited to Oslo, but also observed in other cities as well as regional locations with key characteristics as long WALTs and strong credits.

The most notable event during November, was the two voluntary tender offers for the Norwegian listed property company Entra made by the Swedish listed property companies SBB and Castellum respectively. SBB's offer presented an offer of NOK 165 per share (total equity value NOK 30 billion) made out by a combination of cash NOK 115.5 (70%) and NOK 49.5 (30%) in new SBB class B shares. Castellum's offer is a share exchange combined with a cash offer totaling NOK ~ 171 per share (total equity value NOK ~ 31 billion) made from NOK 25.6 in cash and remaining amount in newly issued Castellum shares. The offers represented a premium of 26% and 31% to Entra's 3-month weighted average share price at the time of the offers. Entra's share price has since increased by 25% and opened trading at NOK 179 per share on 4 December. The Norwegian State, represented by the Ministry of Trade, has opted to sell their outstanding shares (8.24%) to Castellum in all-cash offer (NOK 169 per share), while the Government Pension Fund Norway (Nw; Folketrygdfondet), holding 11.76% of the outstanding shares, has announced that they will not entertain any of the offers. 90% of the outstanding shares is required to trigger a takeover. The final result of the two offers are expected prior to Christmas.

### Office prime cap rates

Oslo **3.30 %** ▼ 20 bps

Regional **4.00 %** ▲ 0 bps

Change last quarter

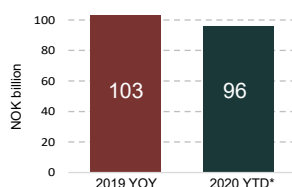
### Segments prime cap rates

Logistics **4.50 %** ▲ 0 bps

Retail **3.75 %** ▲ 0 bps

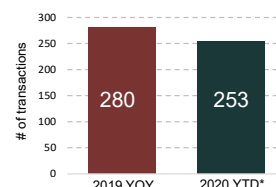
Change last quarter

### YTD transaction volume (BNOK)



Transactions over MNOK 50  
Including deals under offer  
\*As of 30th November

### YTD # transactions



## Latest transactions

Asset	Quarter	Asset type	Location	Area (sq.m.)	Gross property value (MNOK)	Cap rates	WALT	Purchaser	Vendor	Status
Telenor Bergen	Q4 2020	Office	Bergen, Blomsterdalen	31,800	~750	n.a.	n.a.	Zurhaar & Rubb	Midgard Gruppen	Closed
Professor Birkelands vei 21	Q4 2020	Industrial/logistics	Oslo, eastern fringe	23,900	~485	~4.50 %	13	SPV (Realkapital)	SPV (Colliers & DNB)	Under-offer
Storm Real Estate/KMC	Q4 2020	Industrial/logistics	Stjordal	118,854	~1,672	~6.10 %	11.8	Storm Real Estate	EBE Eiendom / Kverva	Closed
Sjmannsskolen	Q4 2020	Other	Indre By Øst	7,023	~575	~3.40 %	18	Aberdeen Standard Investments	Fund (Pareto)	Closed
Handverksveien 13-17	Q4 2020	Logistics/Industrial	Langhus	11,546	n.a.	n.a.	12	Pensjonskasse for Helseforetakene (PKH)	Syndikat v/Realkapital	Under-offer
Plots Fornebu	Q4 2020	Residential projects	Fornebu	60,000	1,300	n.a.	n.a.	OBOS	FP Holding	Closed
Bolerveien 63	Q2 2020	Logistics	Skedsmokorset	19,778	500	4.60 %	10.3	Arctic (SPV)	Fabritius	Closed
Fjellboveien 13	Q2 2020	Logistics	Skedsmokorset	11,472	240	5.00 %	7.6	Arctic (SPV)	Fabritius	Closed

## Macro

- The Gross Domestic Product (GDP) of Norway contracted 0.20 % in the third quarter of 2020 over the same quarter of the previous year.
- Registered unemployment rose from 3.5 % to 3.9 % in November. The increase may be explained by stricter measures to reduce infection rates caused by covid-19 that were imposed early in November.
- November turned out to be a solid month for Brent crude oil. Over the last month, Brent crude oil has strengthened by approximately 26 %, supported by expectations that a vaccine will be available soon.
- Total investments in oil and gas activity in 2021, including pipeline transportation, are estimated at NOK 166.3 billion, subject to an increase of 12 % compared to the same estimate previous quarter. However, the 2021 forecast still indicates a significant decline from 2020.

### Interest rates

	Latest	m-o-m change	3 m change	y-o-y change
3y swap	0.62%	+6 bps	+3 bps	- 131 bps
5y swap	0.83%	+11 bps	+7 bps	-105 bps
10y swap	1.14%	+14 bps	+4 bps	-75 bps
Key policy rate	0%	-	-	-150 bps
1m NIBOR	0.27%	-16 bps	+17 bps	-144 bps
3m NIBOR	0.31%	-9 bps	+14 bps	-142 bps
6m NIBOR	0.36%	-8 bps	+13 bps	-148 bps

### Exchange rates

	Latest	m-o-m change	3 m change	y-o-y change
USD/NOK	8.86	-7 %	-1 %	-3,7 %
EUR/NOK	11.11	-3.35 %	0 %	4.45 %
SEK/NOK	103.84	-1.2 %	1.2 %	9.4 %
DKK/NOK	141.95	-3.3 %	-0.1 %	4.9 %
KRW/NOK	0.80	-1.3 %	6.1 %	2.2 %

### Macroeconomic indicators

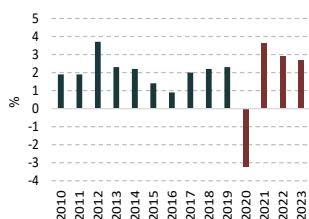
	2019	2020E	2021E	2022E	2023E
GDP mainland Norway	2.3 %	-3.20 %	3.60 %	2.90 %	2.70 %
CPI	2.20 %	1.5 %	2.9 %	2.1 %	2.3 %
Employment	1.60 %	-2.00 %	0.40 %	1.40 %	1.20 %
Unemployment	3.70 %	4.90 %	4.50 %	4.30 %	4.10 %

Source: Statistics Norway

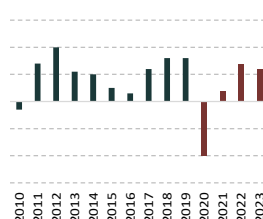
### Other indicators

	Latest	3 m change	y-o-y change
CCI	-6.6	-3.2	-22.6
PMI	53.4	10.1	-1.5
Oil price	48.18	5.48 %	-24.9 %
Residential Oslo (NOK / sq. m.)	78,803	2.45 %	10.4 %
Residential Norway (NOK / sq. m.)	44,757	0.7 %	7.8 %

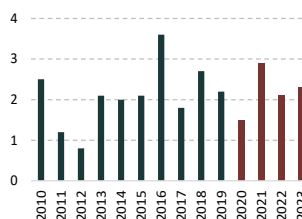
### GDP change (%)



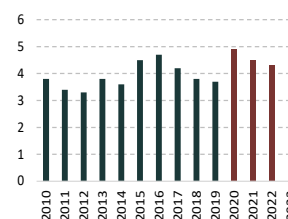
### Employment change (%)



### CPI (%)



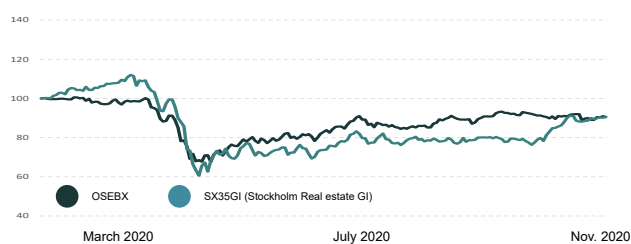
### Unemployment rate (%)



Source: Statistics Norway. Next update 11 December 2020.

## Equity markets

### Indices



### Selected Nordic Equities

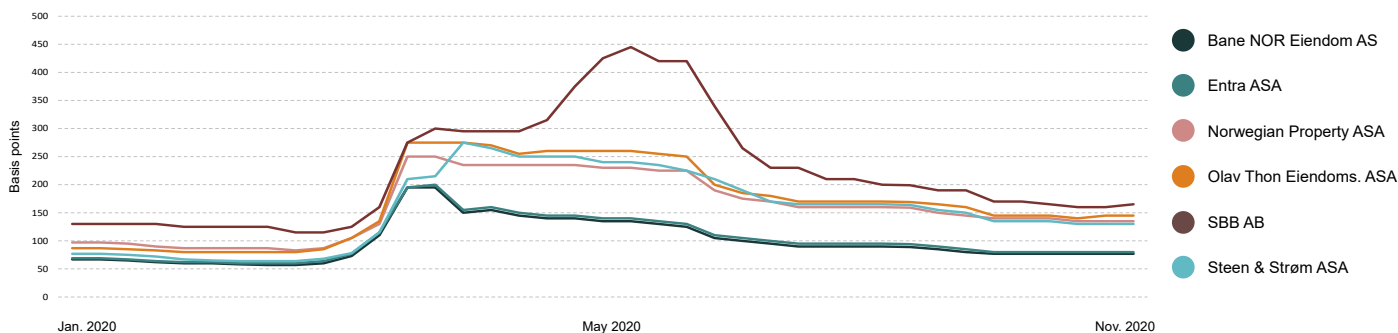
Asset		Last week (%)	Last month. (%)	Last YTD. (%)	Discount to NAV*
Entra	176	+25 %	+39 %	+33 %	-10 %
NPRO	12.5	+10 %	14 %	-8 %	21 %
Olav Thon	160	4 %	19 %	-5 %	46 %
Pandox	145.4	2 %	55 %	-31 %	17 %
Selvaag Bolig	51.7	4 %	8 %	-30 %	n.a.
SBB	29.3	0 %	15 %	28 %	-47 %
Solon	36.2	-1 %	-5 %	-22 %	n.a.
Self Storage Group	24.6	8 %	10 %	-13 %	n.a.

\*Price/NAV is based on NAV reported in Q3 2020

Source: Oslo Børs

## Debt markets

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



Source: DNB Markets

## Leasing market

- Akershus Eiendom has acted as an advisor in several leasing negotiations over the past month, among them Sem & Johnsen, Arbeidstilsynet, and Foodora.
- Entra ASA has signed a 10-year leasing contract of 5,600 sq. m with NAV in Møllendalsveien 6-8 in Bergen. NAV will enter the new premises as the 14,500 sq. m building is finished refurbished fourth quarter of 2021.

### Office prime rents

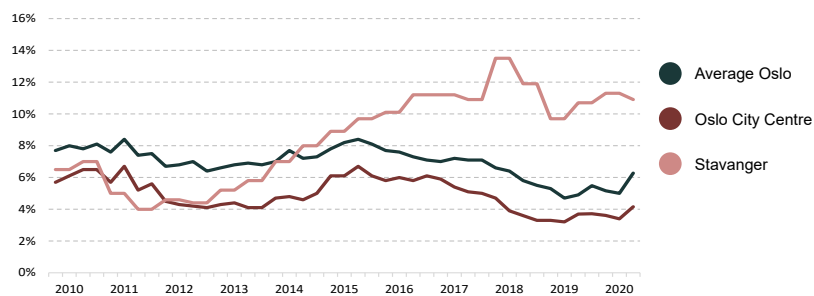
Oslo **NOK 4,750** ▶ NOK 0  
 Oslo Fringe **NOK 2,000 - NOK 3,500**  
 Stavanger **NOK 3,250** ▶ NOK 0

### Segment prime rents

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

Change last quarter

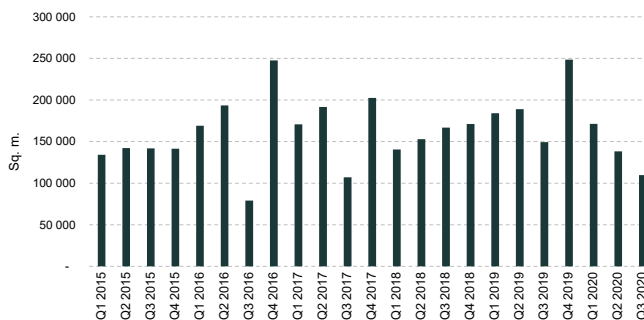
### Vacancy



### Selection of new leases

Location	Tenant	Sq. m	WALT (years)	Sub-market
Møllendalsveien 6-8	NAV	5,600	10	Office
Ostensjøveien 32-34	Arbeidstilsynet	2,639	10	Office
Ruselokkveien 26	Sem & Johnsen	1,250	7	Office
Waldemar Thranses Gate 84	Foodora	1,980	7	Office

### Take-up



Source: Arealstatistikk