

Akershus Eiendom - Newsletter

July 2021

Capital markets

There is hectic activity in the transaction market in the months leading up to summer. The volume for May and June combined surpassed NOK 37 billion and we estimate the YTD figure to be approaching NOK 70 billion, up 50% y-o-y. The high transaction volume can be explained by a large supply of attractive assets and multiple sizeable transactions including that of ABP, Aurora Eiendom (shopping centres), the Varner family's disinvestment in Ava Eiendomspartner and the sale of SBB's service property portfolio. The yield levels have not been affected negatively by Norges Bank's indication of a hike in the key policy rate in September. Access to capital seeking commercial real estate is high, and appears to counterbalance the announced interest rate increase.

SBB have divested all of their ~15 million shares in Entra, and Castellum have acquired an equal amount. The shares were sold at a price of NOK 210, which gives a total sale price of NOK 3.2 billion. For SBB, the sale amounted to around 10% return since the acquisition, corresponding to an annualised return of 20%.

Petter Stordalen, along with Lars Løseth, Johan Johansson, Marius Varner, NREP and Eiendomspar, have joined forces to create a new shopping centre company, Aurora Eiendom. They have committed NOK 1.2 billion in equity, and have bought five shopping centres for NOK 4.8 billion in Q2 2021. The centres include Vinterbro Senter in Ås, Amanda Storsenter in Haugesund, Nerstrandia in Tromsø and Nordbyen in Larvik and Steen & Strøm Farmandstredet in Tønsberg.

Other notable transactions include the closing of DSV's main distribution center on Vestby acquired by an Arctic Securities syndicate for MNOK 1.200, corresponding to a 4.2% cap rate. Furthermore, Bulk infrastructure has announced investments in traditional logistics assets as a key strategic area going forward - illustrated by the firm's acquisition of Snipetjernveien 3 on Langhus for MNOK 600.

Akershus Eiendom acted as sell-side advisor for SBB on their divestment of a portfolio of 18 community service properties in 8 different locations in the Greater Oslo region, southern Norway and western Norway. The assets are secured against various government agencies such as the Eastern and Western Police District, the District Courts of Norway, Country Governor's offices, Statistics Norway among others.

Office prime cap rates

Oslo **3.30 %** ▶ 0 bps

Regional **4.00 %** ▶ 0 bps

Change last quarter

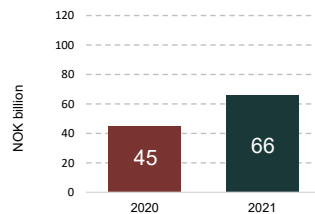
Segments prime cap rates

Logistics **4.13 %** ▼ 12.5 bps

Retail **3.75 %** ▶ 0 bps

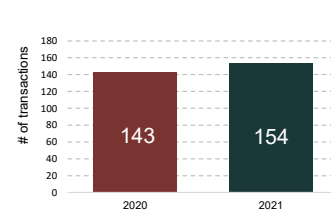
Change last quarter

YTD Transaction volume (BNOK)



Reported transactions over MNOK 50

YTD # Transactions



Latest transactions

Asset	Status	Quarter	Asset type	Location	Area (sq. m)	Gross property value (MNOK)	Cap rates	Purchaser	Vendor
Campus Life	Closed	Q2 2021	Student housing	Trondheim	14 550	1 090	4.25%	n.a.	n.a.
Nordic Social Infrastructure Invest	Closed	Q2 2021	Other	Oslo eastern fringe	10 230	~448	5.13%	Whitehelm Capital / Kinland	Oslo Capital Partners
PT Eiendom - PRS Bergen	Closed	Q2 2021	Residential projects	Bergen	9 000	375	4.7%	Pangea Property Finance	Christie AS
360 Campus	Closed	Q2 2021	Student housing	Trondheim	8 200	429	n.a.	Pangea Property Finance	Rost Invest AS
Kraft Portfolio	Closed	Q2 2021	Office	Bodø	79 723	~2 000	5.32%	Broadgate Asset Management	Njord Securities
Lars Hiller gate 19	Closed	Q2 2021	Office	Bergen	5 900	298	Conf.	Entra ASA	Bergen Næringsbygg AS
Snipetjernveien 3	Closed	Q2 2021	Industrial	Nordre Follo	25 708	Conf.	Conf.	n.a.	Ferd Eiendom
Asset Buyout Partners portfolio (ABP)	Closed	Q2 2021	Industrial	Along the coastline	n.a.	9 000	6.22%	Balder Fastigheter	Hitec Vision

Macro

- The Governor of the Central Bank of Norway announced on 17 June that the key policy rate will be kept at zero (as expected), but warns that interest rates will most likely rise in September.
- The turnover volume in the retail trade sector increased by 5.8% from April to May 2021, seasonally adjusted. This follows an increase of 0.4% from March to April. Clothing sales contributed to a large proportion of the growth.
- New home sales are still performing well. Since mid-April, 3,483 new homes have been sold. This is 8% less than the previous two-month period, but 58% more than the same period last year. Number of new homes sold in June are at its highest since 2016.
- According to Obos, the price for used homes dropped by 2.3% in Oslo and 1.4% nationwide in the month of June. On a 12-month basis, however, home prices are up 11.3%.
- The Consumer Confidence Index (CCI) was 4.2 points in June, down from 4.4 points in May. CCI is 5.0 points higher than a year ago.

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	5,6 %	3,6 %	-6,0 %
EUR/NOK	10,15	1,0 %	0,7 %	-4,4 %
SEK/NOK	102,19	2,5 %	4,0 %	0,1 %
DKK/NOK	140,03	2,6 %	3,3 %	-1,7 %
KRW/NOK	0,77	2,9 %	0,6 %	-2,4 %

Macroeconomic indicators

	2021E	2022E	2023E	2024E
GDP mainland Norway	3.1 %	4.1 %	2.7 %	1.8 %
CPI	3.1 %	1.8 %	1.8 %	1.9 %
Employment	0.4 %	1.4 %	1.0 %	1.0 %
Unemployment	4.6 %	4.2 %	3.9 %	3.7 %

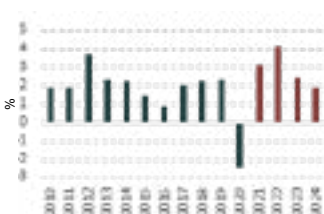
Source: Statistics Norway. Updated June 4th 2021

Other indicators

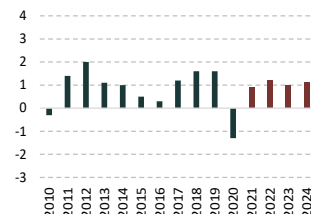
	Latest	m-o-m change	3 m change	y-o-y change
CCI	2.8	2.6	2.3	13.2
PMI	60.4	2.9	4.9	18.5
Oil price	62.8	-9.7 %	16.1 %	18.6 %
Residential Oslo (NOK / sq. m.)	85,246	-0.6 %	8.2 %	12.4 %
Residential Norway (NOK / sq. m.)	48,616	1.0 %	5.3 %	11.3 %

Source: Eiendom Norge, Opinion

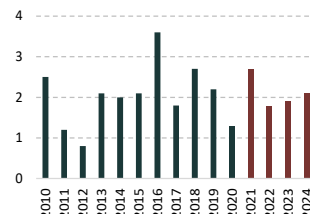
GDP change (%)



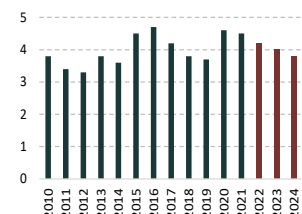
Employment change (%)



CPI (%)

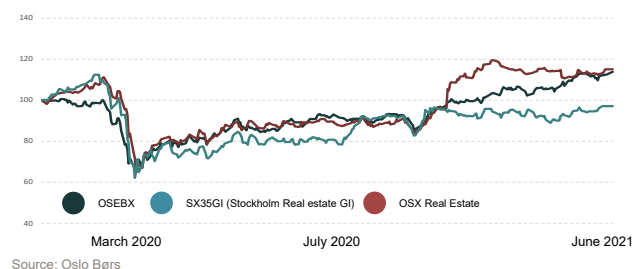


Unemployment rate (%)



Equity markets

Indices



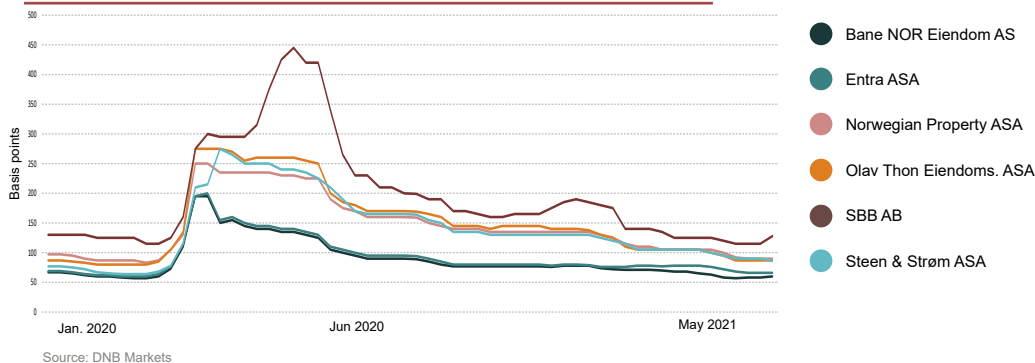
Selected Nordic Equities

Asset	Latest	Last week (%)	Last mnth. (%)	YTD. (%)	Discount to NAV*
Entra	209	6 %	3 %	10 %	8 %
NPRO	15	0 %	0 %	13 %	-32 %
Olav Thon	184	3 %	0 %	0 %	-42 %
Pandox	149	2 %	-10 %	3 %	-12 %
Selvaag Bolig	59	1 %	0 %	7 %	n.a.
SBB	40	7 %	6 %	40 %	57 %
Solon	37	-1 %	-4 %	0 %	n.a.
Self Storage Group	28	3 %	4 %	8 %	n.a.

*Price/NAV is based on NAV reported in first quarter 2021

Debt markets

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



Leasing market

- Tenant demand for central and easily accessible locations in Oslo CBD and Skøyen is strong. We have increased our prime rent estimate from NOK 4,750 per sq.m. to NOK 4,850 per sq.m. based on recent contracts. The prime rent level is nearly back to the pre-pandemic high of NOK 4,900 per sq.m.
- Akershus Eiendom is proud to announce that VIA is fully let out. The 50,000 sq.m. landmark office building is under construction and the first tenant to move in will be the law firm Thommessen in August 2021.

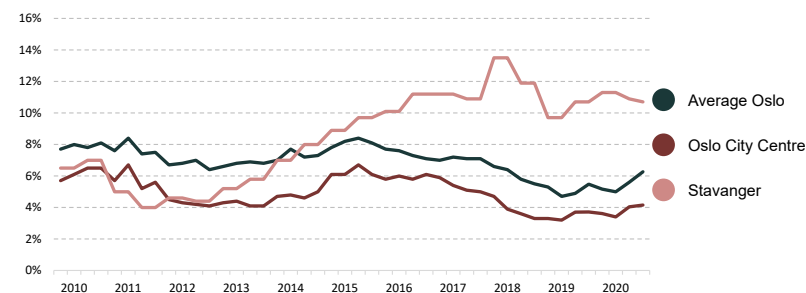
Office prime rents

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

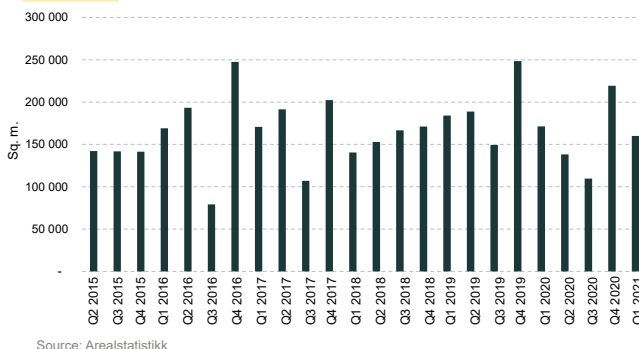
Segment prime rents

- 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
Ruseløkkaveien 26 (VIA)	NREP	900	5	Office
Innspurten 13	Landbruksdirektoratet	3 100	10	Office
Sofienberggata 19	Tom Wood	1 400	5	Retail
Haslevangen 18	Redd Barna	2 580	15	Office
Grundingen 2	Mirai Technologies	950	n.a.	Office
Essendropgate 3	Help 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	Jul. 21	Indre by øst	OBOS
Valle View (Innspurten 13)	22 000	Sep. 21	Helsfyr-Bryn	Valle Eiendom Holding
Ruseløkkaveien 26	41 000	Aug. 21	CBD, Vika- 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