

Akershus Eiendom - Newsletter

June 2021

Capital markets

As of May 31st, investment volume is approaching NOK 35 billion, following multiple notable transactions including the sale of the ABP portfolio, Fyrstikkalléen 1 and Billingstadsletta, among others. Due to high investor sentiment for logistics assets and recently executed deals, we have revised our prime yield estimate for logistics down 12.5 bps to 4.13% (previous adjustment was in January from 4.5% to 4.25%). Our prime office yield estimate remains stable at 3.3%.

Akershus Eiendom is launching several attractive investment opportunities including Strandgata 19, a ~16,000 sq.m. mixed-use asset, located next to Oslo Central Station. The property is currently serving as a parking facility combined with office premises. Termination clauses on most lease agreements and expected political support for conversion make out the foundation for a future repositioning of the asset.

NRK, the Norwegian Broadcasting Corporation, have finally revealed the new location of their headquarters, and will move to Ensjøveien 3-7 (located in eastern Oslo), which they have acquired from Ferd Eiendom and AXER for NOK 800 million.

The spread between long and short interest rates has further expanded, with 3-5Y SWAP rates increasing ~10 bps over the last month, while the 3-month NIBOR has continued its downward trend. Investors are reporting favourable financing terms, still well below pre-covid levels.

Akershus Eiendom acted as sell-side advisor for SBB on their divestment of Sannergata 2 – situated close to the urban hub Grünerløkka, north of Oslo city centre. The property is secured against the Norwegian Labour and Welfare Administration on a short lease, and the asset will be subject to repositioning over the next years.

Office prime cap rates

Oslo **3.30 %** ▼ 20 bps

Regional **4.00 %** ► 0 bps

Change last quarter

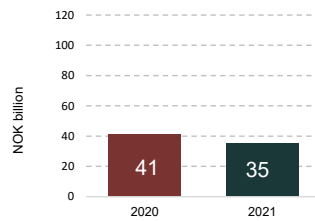
Segments prime cap rates

Logistics **4.13 %** ▼ 12.5 bps

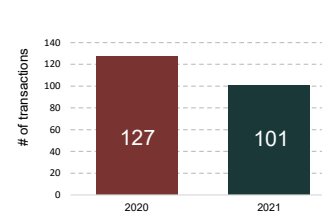
Retail **3.75 %** ► 0 bps

Change last quarter

YTD Transaction volume (BNOK)



YTD # Transactions



Latest transactions

Asset	Status	Quarter	Asset type	Location	Area (sq. m)	Gross property value (MNOK)	Cap rates	Purchaser	Vendor
Ensjøveien 3, 5, 7 (NRK)	Closed	Q2 2021	Office/development	Inner city east	14 000 (in total)	800	n.a.	NRK	Ferd Eiendom & Axer Eiendom
Akersgata 1-5	Closed	Q2 2021	Office/retail	Oslo CBD	4 500	~300	n.a.	Union (CORE)	TH Holm Eiendom & Torkap
St. Olavs gate 32	Closed	Q1 2021	Hotel	Oslo	5 000	345	n.a.	Flakk Gruppen / Brendmoe family	Statsbygg (Norwegian state)
DSV Vestby	Closed	Q2 2021	Logistics/Industrial	Vestby	58 000	Conf.	Conf.	n.a.	SPV by NRP
Bohus	Closed	Q1 2021	Logistics/Industrial	Lillestrøm	30 578	710	4.58%	Macquarie Capital	Bohus
Sannergata 2	Closed	Q2 2021	Office	Oslo	20 087	Conf.	Conf.	Ragde Eiendom	Samhallsbyggnadsbolaget i Norden AB
Snipefjerveien 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

- GDP fell by 1% (seasonally adjusted) in Q1 2021. This follows two quarters of GDP growth and a pick-up in economic activity in the latter half of 2020.
- Statistics Norway (SSB) expects that the key policy rate may be raised as early as September, and that the economy will return to the level before the corona crisis already during 2021.
- According to a report released by DNB (Norway's largest financial services group), consumer spending in physical stores rose dramatically as the stores re-opened in Oslo. In-store spending nearly doubled compared to an average Saturday in 2019.
- The prospect of spending a holiday abroad this summer remains unclear and many Norwegians prepare for a second successive summer holiday in Norway. This could be good news for the country's restaurant-ers, retailers and the travel sector.
- House prices rose 0.6% m-o-m in May. House prices are now 11.3% higher compared to May 2020 meaning that the signs of stalling prices witnessed in April did not persist, however, prices continued to fall in Oslo.

Interest rates

	Latest	m-o-m change	3 m change	y-o-y change
3y swap	1,12 %	0,06 %	0,10 %	0,66 %
5y swap	1,45 %	-0,01 %	0,07 %	0,90 %
10y swap	1,81 %	-0,10 %	-0,01 %	0,99 %
Key policy rate	0,00 %	0,00 %	0,00 %	0,00 %
1m NIBOR	0,20 %	-0,10 %	-0,10 %	-1,42 %
3m NIBOR	0,24 %	-0,21 %	-0,20 %	-0,04 %
6m NIBOR	0,38 %	-0,09 %	-0,16 %	-1,38 %

Exchange rates

	Latest	m-o-m change	3 m change	y-o-y change
USD/NOK	8,27	-0,6 %	-3,0 %	-13,3 %
EUR/NOK	10,15	1,4 %	-2,0 %	-4,9 %
SEK/NOK	100,35	2,1 %	-1,3 %	-1,7 %
DKK/NOK	136,49	1,4 %	-2,0 %	-4,7 %
KRW/NOK	0,75	0,7 %	-2,6 %	-4,7 %

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 %

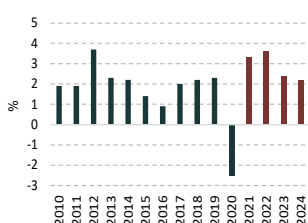
Source: Statistics Norway. Updated June 4th 2021

Other indicators

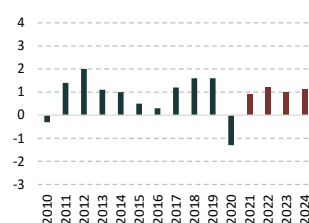
	Latest	m-o-m change	3 m change	y-o-y change
CCI	2.8	2.6	2.3	13.2
PMI	60.4	2.9	4.9	18.5
Oil price	62.8	-9.7 %	16.1 %	18.6 %
Residential Oslo (NOK / sq. m.)	85,246	-0.6 %	8.2 %	12.4 %
Residential Norway (NOK / sq. m.)	48,616	1.0 %	5.3 %	11.3 %

Source: Eiendom Norge, Opinion

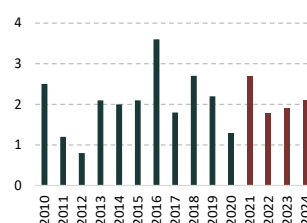
GDP change (%)



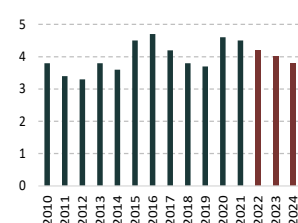
Employment change (%)



CPI (%)

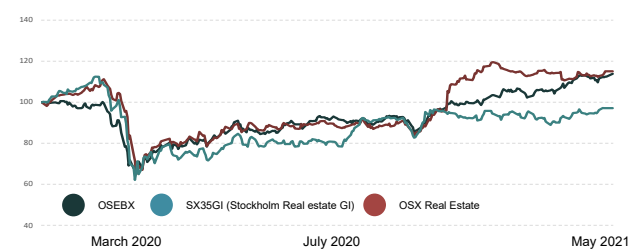


Unemployment rate (%)



Equity markets

Indices



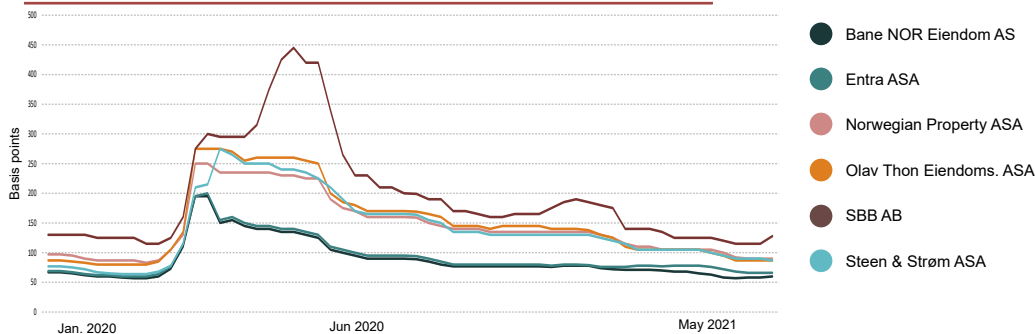
Selected Nordic Equities

Asset	Latest	Last week (%)	Last mnth. (%)	YTD. (%)	Discount to NAV*
Entra	198	-1 %	5 %	4 %	2 %
NPRO	15	-2 %	0 %	11 %	-33 %
Olav Thon	177	1 %	10 %	-4 %	-44 %
Pandox	156	5 %	5 %	7 %	-9 %
Selvaag Bolig	60	-1 %	-2 %	8 %	n.a.
SBB	37	3 %	13 %	28 %	45 %
Solon	38	2 %	7 %	4 %	n.a.
Self Storage Group	26	-5 %	1030 %	-1 %	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

- We experience strong demand and willingness to pay for high-standard products. The office market has been remarkably resilient throughout the pandemic, particularly in central locations. We expect rent levels in Oslo prime CBD to rise due to the combination of high demand and constrained new supply.
- Forte Digital, a digital solutions provider, have signed a 10-year lease in Wergelandsveien 23-25. The property is located next to the Palace Park in one of Oslo's most exclusive addresses, which houses residential properties, embassies and boutique offices. Akershus Eiendom facilitated the lease on behalf of Ovtun Eiendom.
- Energy solutions provider Yinson will move to Olav V's gate 5 in Oslo's prime CBD.

Office prime rents

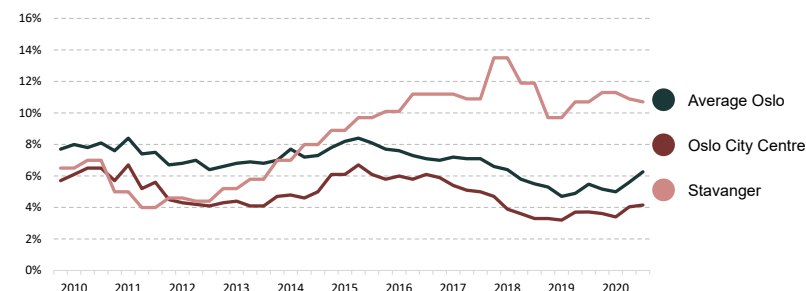
Oslo CBD	NOK 4,750	▶ NOK 0
Oslo Fringe	NOK 2,000 - NOK 3,500	
Stavanger	NOK 3,250	▶ NOK 0

Segment prime rents

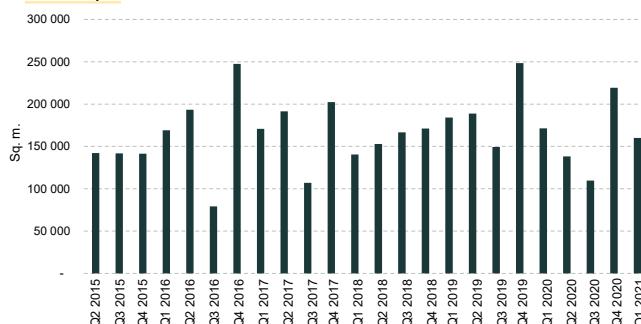
Logistics	NOK 1,200	▶ NOK 0
High-street Retail	NOK 20,000	▶ NOK 0

Change last quarter

Vacancy



Take-up



Selection of new leases

Address	Tenant	Sq. m.	WALT (years)	Sub-market
Wergelandsveien 23-25	Forte Digital	2 364	10	Office
Olav Vs gate 5	Yinson	1 952	10	Office
Strandveien 50	Freyr	2 026	6	Office
Incognitogaten 33	24sevenOffice	1 278	n.a.	Office
Ruseløkkaveien 26	Neonomics	2 659	7	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	Aug. 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
Oksenyveien 10	30 000	Jun. 23	Fornebu	Aker Property Group