

Akershus Eiendom - Newsletter

May 2021

Capital markets

Investment volumes in 2021 have reached NOK 30 billion, with NOK ~ 15 billion being executed or gone under offer during the last month. Swedish Balder's NOK 9 billion acquisition of the industrial real estate company Asset Buyout Partners is the most notable transaction – encompassing 106 assets linked to the Norwegian maritime and energy sector. Entra ASA has also reported that they are in exclusive negotiations to acquire Fyrstikkalléen 1 for NOK 2.3 billion. The property is located at Hølsfyr on the eastern fringe of Oslo, secured against public tenants with 9.4-years remaining lease term. Pricing reflects a ~3.7% cap rate. See list below for more data on recently executed deals.

The spread between long and short interest rates is at levels not seen in a very long time. The 10Y SWAP-rate (~1.8%) has moved up to levels seen pre-Covid, while the 3- and 5-year rates (1.1% and 1.4%), although having increased substantially, are still lower. The floating 3M NIBOR rate has during the same period moved down and currently stands at 0.3%.

There has not been any negative impact on yields, with deals still being executed on record levels. Prime yields have, with the exception of logistics, been stable, while secondary yields have moved further in.

Office prime cap rates

Oslo 3.30 % ▶ 0 bps

Regional 4.00 % ▶ 0 bps

Change last quarter

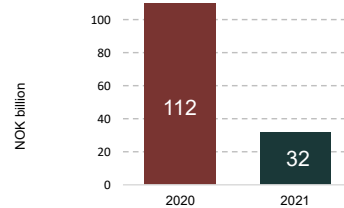
Segments prime cap rates

Logistics 4.25 % ▼ 25 bps

Retail 3.75 % ▶ 0 bps

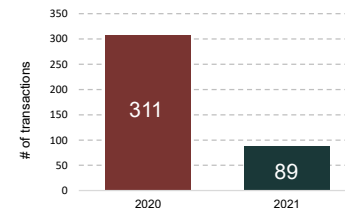
Change last quarter

Transaction volume (BNOK)



Reported transactions over MNOK 50

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 (Laberg 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
Terningen 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

- The majority of Norwegian industrial companies report increased production levels, and they expect this to continue going forward. The latest COVID-19 wave and the restrictions that have followed thus appear not to have had a great effect on production
- The Norwegian economy is projected to grow by 3.2% in 2021 according to a report published by the IMF. The growth is based on increased activity and employment levels as more people are getting vaccinated. The IMF expects GDP to be at a pre-pandemic level by the end of this year
- According to DNB's PMI indicator for April, the index for "paid prices" remains over 75, a particularly high level, for the third month running. This is unprecedented, and the soaring prices apply to a broad range of goods including timber, plastic components, metals, chemicals, and electronics
- The increasing prices may reach the consumers in the form of inflation – an important target variable for the central banks. The banks' reaction to such a rise in inflation depends on whether they consider the price increases to be of a permanent or temporary nature
- The twelve-month growth in the credit indicator C2 was 5.0 % to the end of March 2021, up from 4.9 % the previous month

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	8.27	-3.0 %	-2.9 %	-18.0 %
EUR/NOK	10.01	0.4 %	-2.6 %	-8.9 %
SEK/NOK	98.78	-1.0 %	-3.8 %	-4.8 %
DKK/NOK	134.64	-1.3 %	-3.4 %	-8.6 %
KRW/NOK	0.73	-3.1 %	-6.2 %	-11.5 %

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 %

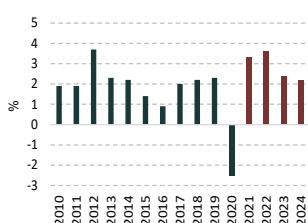
Source: Statistics Norway. Next update June 4th 2021

Other indicators

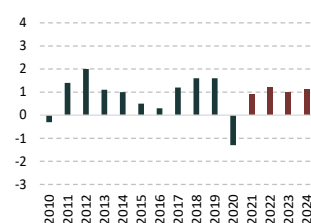
	Latest	m-o-m change	3 m change	y-o-y change
CCI	2.8	2.6	2.3	13.2
PMI	60.4	2.9	4.9	18.5
Oil price	62.8	-9.7 %	16.1 %	18.6 %
Residential Oslo (NOK / sq. m.)	80,992	2.4 %	8.2 %	15.2 %
Residential Norway (NOK / sq. m.)	45,672	1.3 %	5.3 %	9.7 %

Source: Eiendom Norge, Opinion

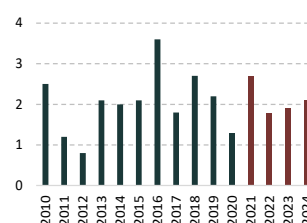
GDP change (%)



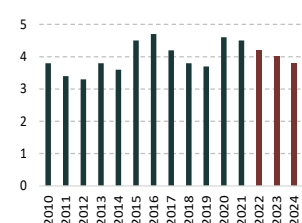
Employment change (%)



CPI (%)

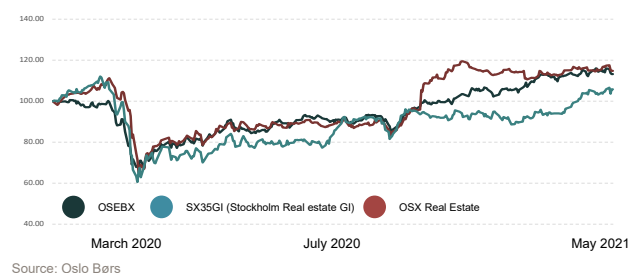


Unemployment rate (%)



Equity markets

Indices



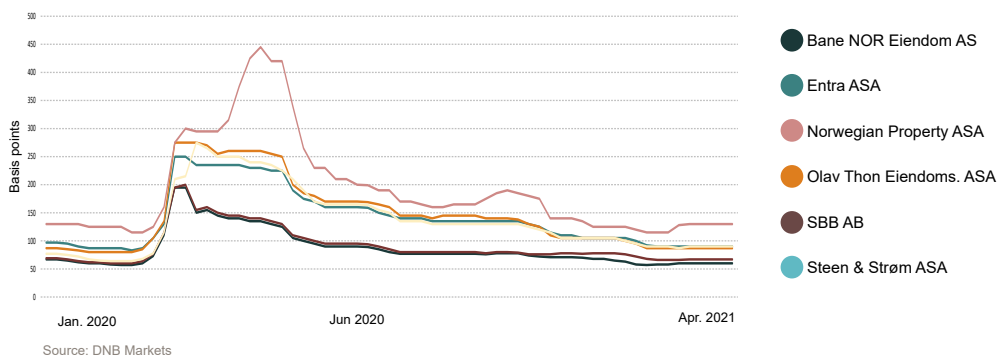
Selected Nordic Equities

Asset	Latest	Last week (%)	Last mnth. (%)	YTD. (%)	Discount to NAV*
Entra	193	1%	1%	1%	0%
NPRO	15	1%	4%	11%	-33%
Olav Thon	162	2%	0%	-12%	-49%
Pandox	152	0%	-5%	5%	-11%
Selvaag Bolig	61	3%	-3%	9%	n.a
SBB	34	1%	13%	20%	36%
Solon	36	1%	3%	-2%	n.a
Self Storage Group	25	1%	6%	-5%	n.a

*Price/NAV is based on NAV reported in first quarter 2021, Olav Thon Q 4 2020

Debt markets

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



Leasing market

- According to Arealstatistikk, the average Oslo CBD office rents decreased slightly from Q1 2020 to Q1 2021. However, we experience positive sentiment in the leasing market in March and April, especially in the prime market. Based on signals from landlords and the low volume of new office stock, we expect rental prices to increase slightly going forward.
- Fintech company Neonomics will move into VIA (Ruseløkkveien 26) in Q1 2021. This leaves only 900 sq.m. vacant space in the spectacular new office building that is currently under construction.
- Insurance giant Gjensidige and government-owned railway operator Vy have both renewed their leases with KLP Eiendom in Schweigaardsgate 21 and 23. Gjensidige will increase their space by three floors that Vy no longer requires. Overall, the two companies occupy 31 350 sq.m in the BREEAM-NOR Excellent rated properties.

Office prime rents

Oslo CBD **NOK 4,750** ▶ **NOK 0**

Oslo Fringe **NOK 2,000 - NOK 3,500**

Stavanger **NOK 3,250** ▶ **NOK 0**

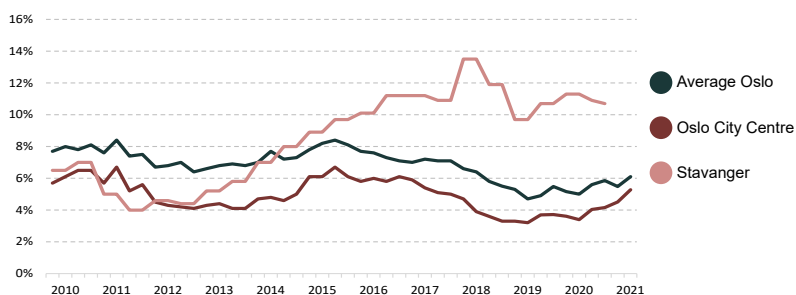
Segment prime rents

Logistics **NOK 1,200** ▶ **NOK 0**

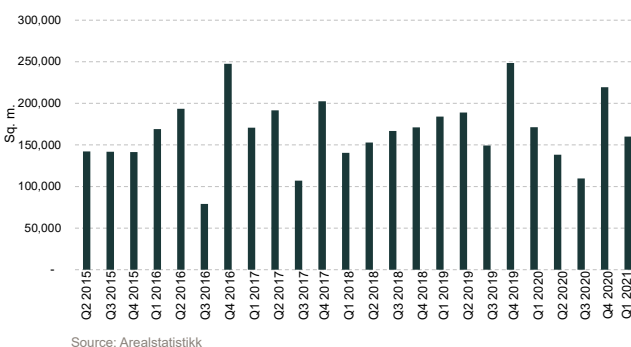
High-street Retail **NOK 20,000** ▶ **NOK 0**

Change last quarter

Vacancy



Take-up



Selection of new leases

Address	Tenant	Sq. m.	WALT (years)	Sub-market
Schweigaards gate 23	Vy	n.a.	10	Office
Schweigaardsgate 21-23	Gjensidige	n.a.	10	Office
Olav Vs gate 5	Yinson	1 952	10	Office
Ruseløkkveien 26	Neonomics	2 659	n.a.	Office
Hausmanns gate 23	Oslo Røde Kors	4 000	10	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	Oct. 21	CBD, Vika- Aker	Storebrand/Aspelin
Drammensveien 126	11 300	Mar. 22	Skøyen	Fram Eiendom
Universitetsgata 7	19 800	Mar. 22	City centre north	Entra ASA
Oksenhøyveien 10	30,000	Jun. 23	Fornebu	Aker Property Group