

Akershus Eiendom - Newsletter

November 2021

Capital markets

YTD volume has surpassed NOK 100 billion - with market sentiment remaining strong going into the final two months of the year. Higher funding costs (see development in SWAP-rates below) have so far had little impact on investor sentiment with significant amounts of deployable capital available.

The market is further characterised by a healthy number of available opportunities within most segments – mostly single asset deals, but also notable portfolio opportunities, such as Gjensidige- & AMF's ongoing divestment process of the real estate company Oslo Areal. The portfolio has a perceived gross market value of underlying properties above NOK 13 billion and comprises 17 properties in Oslo, primarily office assets. Process is in advanced stages and expected to go under offer in the coming weeks.

Other notable transactions include Aker Property Group's acquisition of Quality Hotel Expo at Fornebu, from DNB Scandinavian Property Fund. NREP has made a new acquisition of 579 student housing units in Trondheim, while SBB has increased their shareholding to 62.5% in the listed residential company Solon Eiendom and triggered a mandatory offer for the company.

Akershus Eiendom acted as sell-side advisor to Svenska Handelsfastigheter on their announced divestment of the retail portfolio 3KR Norwegian Retail, to be concluded on 15th December, which sold for above NOK 1 billion. The portfolio comprises 25 assets (50,000 sq.m.) located across Norway let to Coop Norge, Reitan AS, and Norgesgruppen and others. The buyer is Slate Asset Management (Canada).

Office prime cap rates

Oslo **3.30 %** ▲ 0 bps

Regional **4.00 %** ▲ 0 bps

Change last quarter

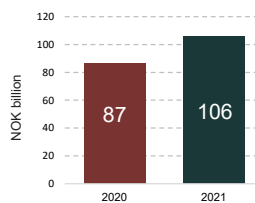
Segments prime cap rates

Logistics **4.00 %** ▼ 12.5 bps

Retail **3.75 %** ▲ 0 bps

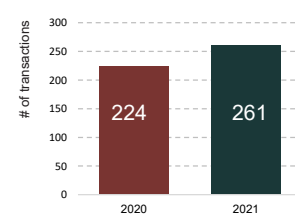
Change last quarter

YTD Transaction volume (BNOK)



Majority control transactions only

YTD # Transactions



Selected transactions - last quarter

Asset	Status	Quarter	Asset type	Location	Area (sq. m)	Gross property value (MNOK)	Cap rates	Purchaser	Vendor
Tre Kronor portfolio	Under offer	Q4 2021	Retail	Nationwide	45 000	Conf.	Conf.	Slate Asset Management	Svenska Handelsfastigheter
Solon (63%)	Closed	Q4 2021	Residential projects	n.a.	n.a.	2 250	Conf.	Samhallsbyggnadsbolaget i Norden AS (SBB)	Private investors
Campus Life Trondheim	Closed	Q2 2021	Student housing	Trondheim	14 550	1 090	4.25%	NREP	Heimdal Bolig
Quality Hotel Expo	Closed	Q4 2021	Hotel	Fornebu	13 800	500	2.4%	Aker Property Group	DNB Scandinavian Property Fund
Vitaminvein 1a	Closed	Q3 2021	Office	Oslo	24 300	Conf.	Conf.	DNB Liv	Malling & Co Eiendomfond
Quality River Station Hotel	Closed	Q3 2021	Hotel	Drammen	13 000	485	n.a.	NREP	Bane NOR Eiendom
De Nye Grønlandskvartalene	Closed	Q3 2021	Office	Oslo city centre east	8 100	480	4.65%	DNB Markets	Realkapital
Lagårdsveien 46	Closed	Q3 2021	Office	Stavanger	20 000	700	Not disclosed	Storebrand eiendomfond	SPV by Pareto Securities
Delitoppen 3	Closed	Q3 2021	Logistics	Vestby	16 000	273	n.a.	Pareto Eiendomsfelleskap	Fonc Holding

Macro

- The Norwegian krone (NOK) has strengthened notably in recent weeks in correlation with the increasing prices for oil, energy, and gas. EUR/NOK now stands at 9.83; the strongest rate observed since January 2020.
- The Government's Fiscal Budget 2022 (Nw. Statsbudsjettet): Despite drastically tightening the spending from the Government Pension Fund, the budget is not expected to have significant effects on the macro economy
- DNB bank lending survey: Overall credit demand remained close to unchanged in from Q2 to Q3 2021. Banks expect demand for corporate loans to increase in Q4, while private mortgage demand is expected to abate.
- Eiendom Norge: Residential prices fell by 0.4% in October. Adjusted for seasonal variations, prices rose by 0.2%. Residential prices are now 7% higher than a year ago.
- Opinion: The Consumer Confidence Index (CCI) was recorded at 6.1 points in October, slightly up from 5.6 points in September. The index is now 9.8 points higher than a year ago. If we disregard the strong measurement in July, the index is now at its highest level since April 2012.

Interest rates

	Latest	m-o-m change	3 m change	y-o-y change
3y swap	1,79%	9,8%	35,6%	193,4%
5y swap	1,87%	2,2%	29,9%	133,8%
10y swap	1,89%	-6,0%	23,5%	67,3%
Key policy rate	0,25%	n.a.	n.a.	n.a.
3m NIBOR	0,78%	14,7%	100,0%	81,4%

Exchange rates

	Latest	m-o-m change	3 m change	y-o-y change
USD/NOK	8,52	0,6 %	-3,8 %	-7,4 %
EUR/NOK	9,83	-3,6 %	-5,8 %	-8,7 %
SEK/NOK	97,70	-2,6 %	-4,1 %	-7,0 %
DKK/NOK	132,25	-3,6 %	-5,7 %	-9,4 %
KRW/NOK	0,74	-3,2 %	-1,6 %	-5,0 %

Macroeconomic indicators

	2021E	2022E	2023E	2024E
GDP mainland Norway	3.6 %	3.8 %	2.6 %	2.2 %
CPI	1.9 %	2.2 %	1.9 %	2.0 %
Employment	0.7 %	1.4 %	0.8 %	1.1 %
Unemployment	4.7 %	4.4 %	4.2 %	3.9 %

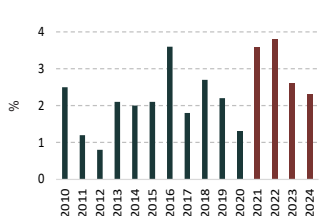
Source: Statistics Norway. Latest update: September 3rd 2021

Other indicators

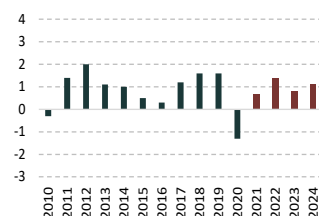
	Latest	m-o-m change	3 m change	y-o-y change
CCI	6.1	11%	-28%	5.2
PMI	58.5	-5.7	-6.4	8.3
Oil price	81.74	-0.4 %	24 %	99 %
Residential Oslo (NOK / sq. m.)	86 007	-0.2 %	-1.2 %	9.4 %
Residential Norway (NOK / sq. m.)	48 650	-1.1 %	-0.3 %	8.5 %

Source: Eiendom Norge, Krogsvveen, Opinion

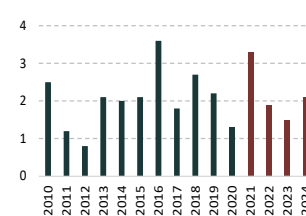
GDP change (%)



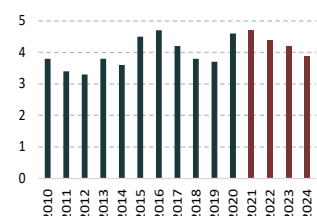
Employment change (%)



CPI (%)

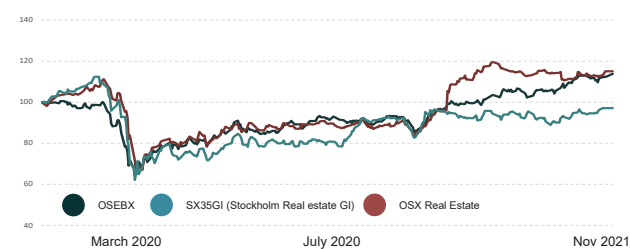


Unemployment rate (%)



Equity markets

Indices

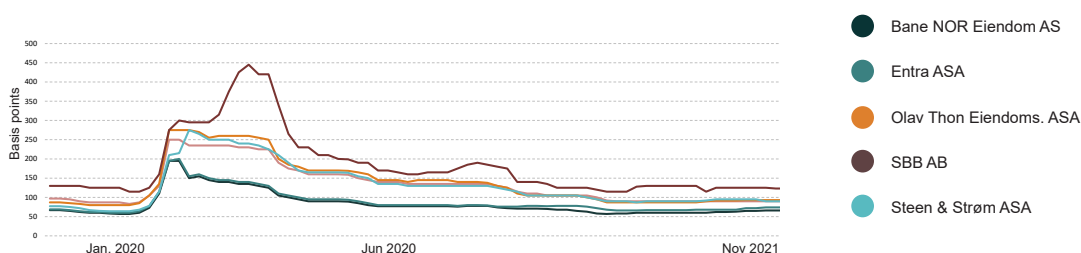


Selected Nordic Equities

Asset	Latest	Last week (%)	Last mnth. (%)	YTD. (%)
Entra	210	0 %	14 %	11 %
Olav Thon	193	4 %	6 %	8 %
Pandox	152	0 %	7 %	4 %
Selvaag Bolig	51	-1 %	-8 %	-4 %
SBB	64	13 %	27 %	126 %
Solon	44	13 %	19 %	19 %
Self Storage Group	31	7 %	15 %	21 %

Debt markets

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



Leasing market

- According to Arealstatistikk (Oct 2021) office rents in Oslo have remained stable during the past year, with the exception of premises in central/CBD location, where the prices have been rising and are expected to continue to do so. We expect this trend to continue due to high demand for CBD locations and limited volume of new office stock added to the market in near to medium term future.
- Akershus Eiendom has revised the prime CBD rent estimate for the second time in 2021 to NOK 5,000 per sq.m (up from NOK 4,850/sq.m.). We expect prime rents to further increase in 2022.

Office prime rents

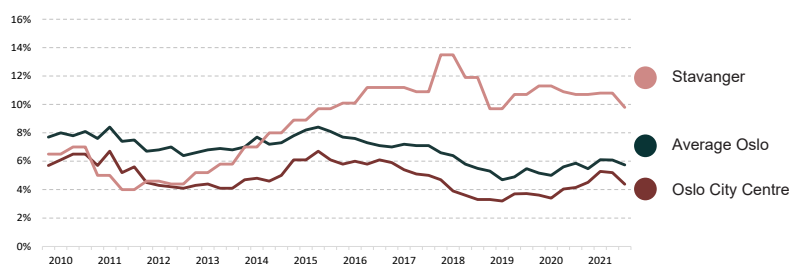
Oslo CBD	NOK 5,000	▲ NOK 150
Oslo Fringe	NOK 2,000 - NOK 3,500	
Stavanger	NOK 3,250	► NOK 0

Segment prime rents

Logistics	NOK 1,400	▲ NOK 200
High-street Retail	NOK 20,000	► NOK 0

Change last quarter

Vacancy



Selection of new leases

Address	Tenant	Sq. m.	WALT (years)	Sub-market
Skøyen Atrium	CEPI	1 500	n.a.	Office
St. Olavs plass 5	Rebel	2 650	10	Office
Arendal	Morrow Batteries	2 000	15	Industrial
Lakkegata 53	Fellesforbundet	4 400	15	Office
C. J. Hambros plass 2	Barne- og familieetaten	2 000	10	Office

New supply - office

Project	Area (sq.m)	Expected completed	Area	Owner
Valle View (Innspurten 13)	22 000	Completed	Helsfyr-Bryn	Valle Eiendom Holding
Ruseløkkveien 26	41 000	Aug. 21	CBD, Vikka- Aker	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
Valle Vision (Innspurten 13)	20 000	Mar. 23	Helsfyr-Bryn	Valle Eiendom Holding
Construction City (Part 1)	85 000	Jun. 24	Alna-Ulven	OBOS

Take-up

