Malling

Market report
Winter 2024/2025

Market Recovery Amid Pressure on Leveraged Investors

The Commercial Real Estate (CRE) market continues to feel the impact of recent interest rate volatility. While investor optimism has increased following interest rate cuts by the Federal Reserve and other central banks in the latter half of 2024, high rates remain a significant risk, particularly for heavily leveraged investors. The leasing market is currently experiencing a slowdown due to sluggish employment growth and cautious tenant outlooks. Nevertheless, our overall forecast for the commercial real estate market remains positive. This optimism is supported by an improving employment outlook, increased public spending and anticipated interest rate cuts in 2025.

Anders Berggren
CEO

Interest rate uncertainty continues to affect both financial and CRE markets in Norway. Despite improved financing conditions over the summer, long-term rates rose again after the Federal Reserve's rate cuts in September. The interest rate market is pricing in various potential scenarios related to growth, recession and inflation, as well as different outcomes of the U.S. election. As a result, uncertainty remains high.

Investor optimism in the Norwegian CRE market is largely driven by expectations that rate cuts will compress yields and lead to capital gains. However, questions persist about how much of the anticipated rate cuts are already reflected in current yields and whether there is undue optimism about the Norwegian central bank's rate reductions. Factors such as the exchange rate of the Norwegian krone, increased petroleum investments and high wage growth relative to productivity suggest that Norway's interest rates could remain higher than those in the EU and neighbouring countries for some time.

Although Norway's overall economic performance remains strong, the leading business segments have shifted in recent years. Export industries, including Oil & Gas, are now driving growth. Specialized markets like Stavanger are thriving, with employment growth outpacing both the national average and that of Oslo. In contrast, Oslo's leasing market for mid-sized properties is feeling the effects of an economic slowdown due to higher interest rates. The retail leasing market faces challenges as consumer sentiment and purchasing power remain moderate.

Despite increases in long-term rates seen in late September and October, we expect a slight decline in prime yields due to the underweight of CRE in the portfolios of pure equity buyers. The decline in real estate portfolio values and strong equity markets have shifted portfolio balances. These buyers are less sensitive to current financing costs. However, the yield spread for riskier assets that do not meet all core investor criteria, such as those from pension funds and life insurance companies, is expected to widen. Rising long-term rates have pushed financing costs for many leveraged buyers beyond their original terms. Investment syndicates with high Loan-to-Value (LTV) ratios now face covenant breaches and increased refinancing costs, prompting potential sell-side activity and capital drainage from exposed investors facing equity challenges. Our expectation of income growth in the medium term, at least for office space in Oslo, should motivate investors to deploy allocated capital.

At Malling, we are committed to providing strategic investment advice for both existing and new real estate assets. We continue to offer market updates on Bergen and Trondheim, provided by our regional contacts WPS and Norion, along with insights on Stavanger and Drammen. Malling is here to support all your commercial real estate needs, including transaction support, tenant representation, development, energy and environmental services, research services, leasing services, valuations, technology advisory, and property and asset management.

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Macro — Global

Inflation is Coming Down, Interest Rates Follow Gradually

Global economic conditions are improving overall, with inflation decreasing faster than anticipated in many countries. World trade volumes are rising, and business sentiment indicators are trending upwards. While high real interest rates weigh on activities in some industries, such as real estate, the consensus is that nominal interest rates are likely to decrease as inflation subsides.

Geopolitical tensions have escalated in several regions. Israel's invasion of Lebanon, coupled with its ongoing conflicts with Iran, brings significant uncertainty to the region and the oil market. China's provocative military drills near Taiwan in October served as a stark reminder of the potential for turmoil in that area.

Interest rates are trending downward in most developed countries as inflation decreases. In many OECD countries, inflation is now at or near central banks' targets. Strong economic growth in the US has dampened expectations for aggressive interest rate cuts there. In contrast, weak European economic data and inflation rates aligning with the ECB's target suggest more rate cuts are likely in 2024 and further into 2025.

GDP Growth Levelling Out Globally, but Subdued EU-Zone Growth

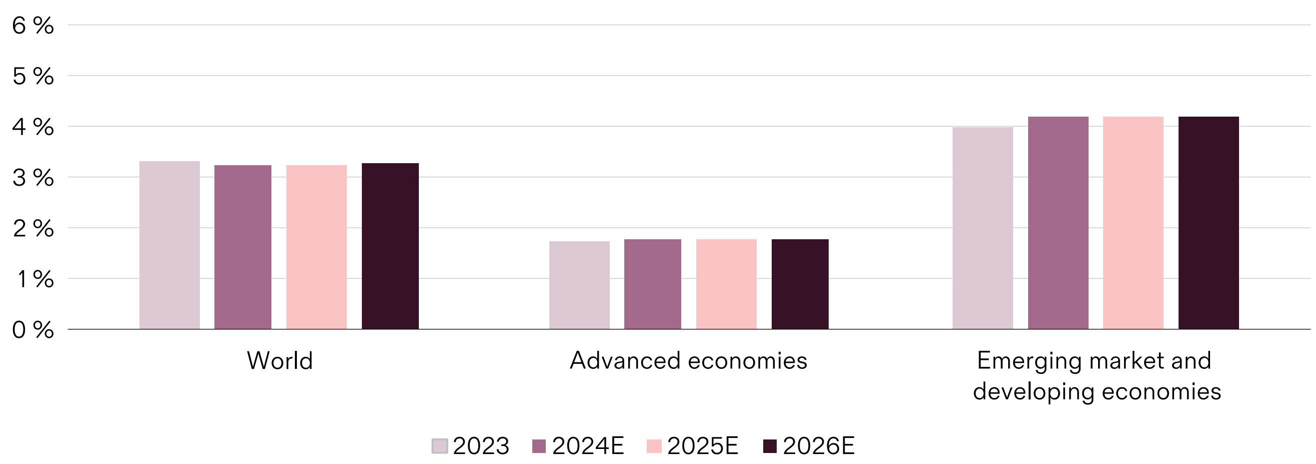
World real economic growth, as measured by real GDP, is expected to reach 3.2 % for 2024 and continue at the same pace in 2025. The decline in consumer price inflation has bolstered household spending, helping offset the negative effects of tight financial conditions and the uncertainty surrounding the ongoing war in Ukraine and emerging conflicts in the Middle East. The US stands out as the growth engine in the developed world, with only Spain maintaining that pace among developed countries.

While the average American views the economy as being in poor shape, the US economy is performing well due to strong consumer spending fuelled by increased after-tax income. Economic growth in the United States accelerated in the second quarter of 2024, driven by private consumption supported by real wage gains, partly due to lower inflation. The OECD projects US real GDP to expand by 2.6 % in 2024, outperforming most other developed countries. However, real GDP growth is expected to slow down to 1.6 % next year.

In the Euro area, growth is subdued, with Spain as the only major economy experiencing significant growth. The German economy has barely grown in 2024 but is expected to expand modestly by 1.0 % next year. Overall, the Euro area is expected to perform better in 2025, with a GDP growth of 1.3 %, up from a projected 0.7 % this year.

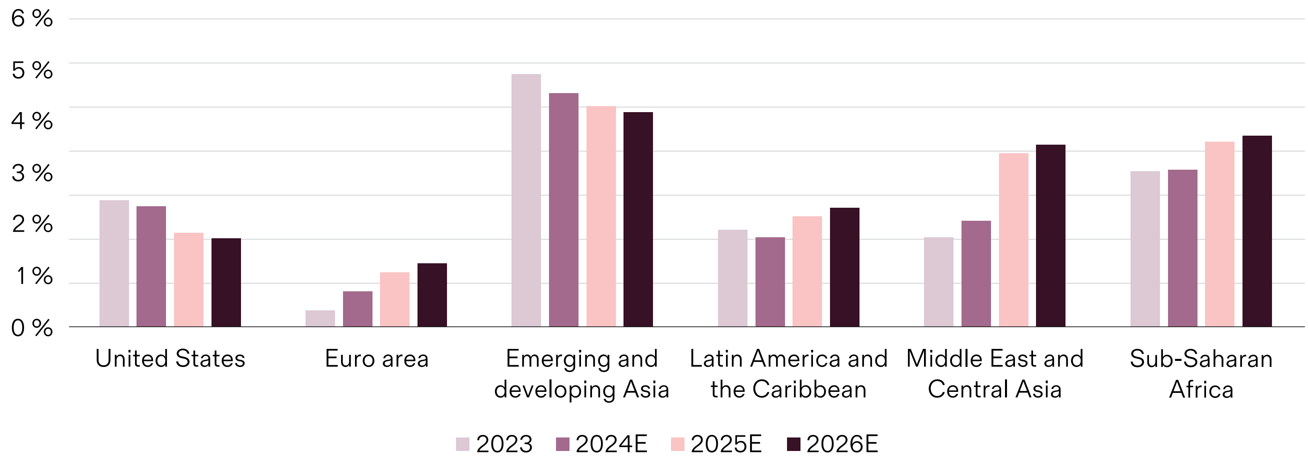
China is the main concern heading into 2025. While GDP growth is expected to reach a notable 4.9 % in 2024, the trend is downward and below the authorities' target of 5 %, according to the OECD. Third-quarter GDP growth came in lower than expected at 4.6 % annually. Problems in the construction sector and subdued consumer demand, due to a loss of confidence in the government's policies and emerging deflation, are key issues. The authorities have announced major monetary and fiscal policy measures to address these challenges.

GDP growth rate projections, by world and economy type, % change



Source: IMF WEO (October 2024)

GDP growth rate projections, by region, % change



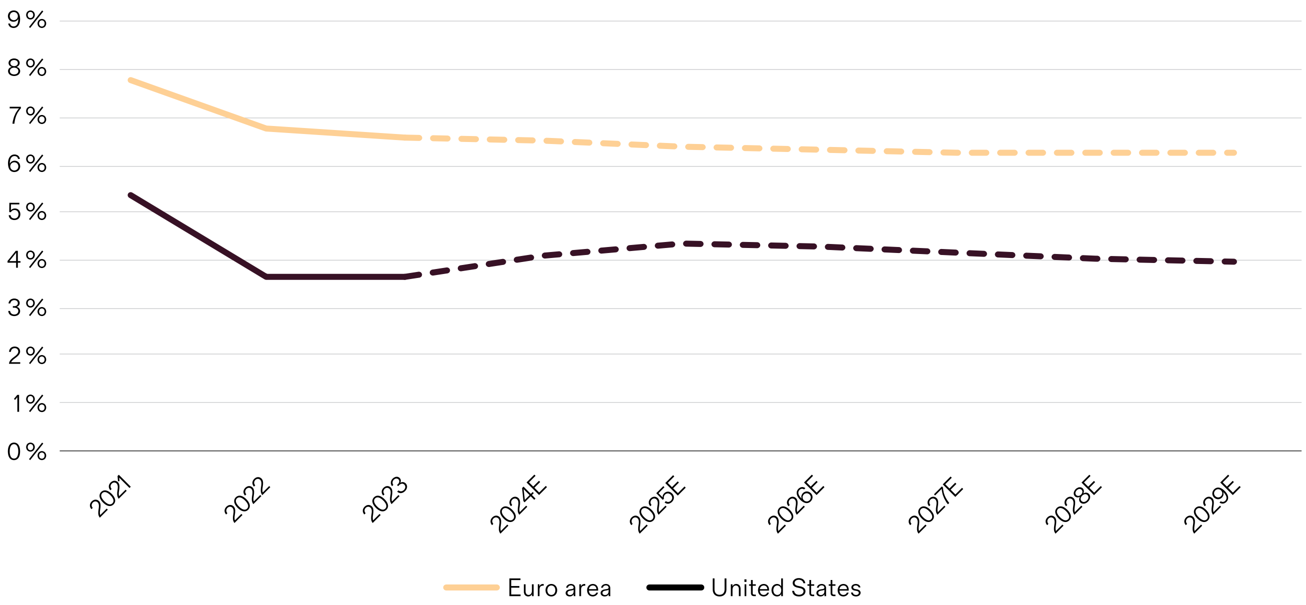
Source: IMF WEO (October 2024)

Loosening Labour Markets and Lower Inflation Easing Wage Pressures

Employment data has remained strong in developed countries despite monetary tightening over the last couple of years. The employment rate is close to record levels, with many countries experiencing tight labour markets since COVID-19. However, this pressure is now easing. Unemployment has begun to increase slightly in North America and in some large developing countries such as Argentina, South Africa and Turkey. This trend partly reflects moderating demand, but the key factor has been the rise in labour supply, often driven by higher immigration rates. Since early 2023, increases in foreign-born workers have contributed to the majority of labour force growth in Australia, Canada, the United States and many European countries, according to the OECD.

Continued declines in inflation rates should lead to real wage growth in 2025. Nominal wages have increased substantially in Germany and the United Kingdom, but this growth is slowing down, with Japan being an exception. While growth in unit labour costs has generally slowed in line with moderating wage increases, it remains high in many countries due to weak labour productivity growth, particularly in Europe, including Norway. Conversely, strong productivity gains in the United States have kept unit labour costs in the non-farm sector steady over the year leading up to the second half of 2024.

Unemployment rate, %



Source: IMF WEO (October 2024)

Inflation Coming Down to Central Bank Targets

Globally, inflation is projected to return to central bank targets in most developed countries (G20) by the end of 2025. According to the OECD, global headline inflation is expected to decrease from 5.4 % in 2024 to 3.3 % in 2025. Excluding Argentina and Turkey, inflation in G20 is anticipated to drop to 2.2 % in 2025. When adjusting for volatile items, core inflation is expected to align with the common target of 2 % in developed countries. Large emerging economies like Argentina, Turkey and Russia are likely to continue struggling with very high inflation.

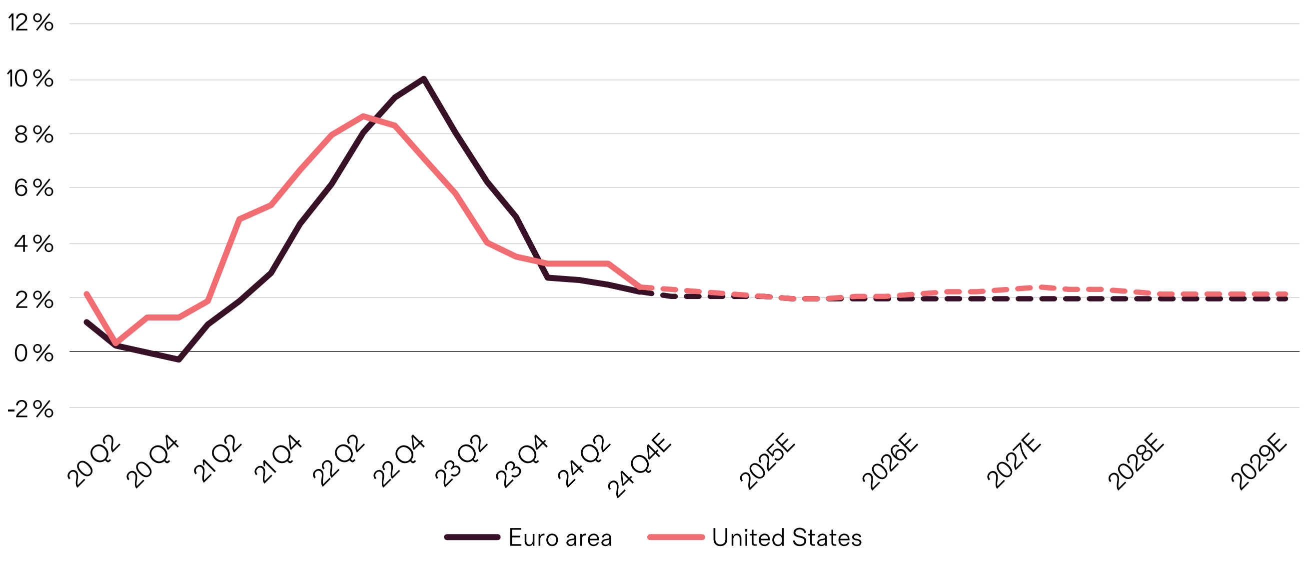
In the US, inflation is trending downward, but sustained strong economic growth might make further reductions challenging. The economy has shown resilience despite high interest rates, raising concerns that any additional rate cuts could impede efforts to control inflation. Year-on-year headline CPI growth edged lower to 2.5 % in September, somewhat higher than expected, while core CPI (excluding food and energy) rose to 3.3 %.

In the Euro area, the headline inflation rate (HICP) fell to 1.7 % year-over-year in September, well below the European Central Bank's (ECB) target of 2 %. The OECD expects Euro area inflation to come in at 2.4 % for 2024, falling to 2.1 % in 2025, aligned with the ECB's target. Inflation expectations appear well-anchored in the Eurozone. The ECB's Survey of Professional Forecasters (SPF) for the fourth quarter of 2024 indicated a slight downward revision in expectations for headline HICP to 1.9 % for 2025 and 2026, down from 2.4 % in 2024.

A reduction in capacity within sectors that experienced high demand during COVID-19—such as durable goods and transportation—contributed to inflationary pressures. Supply constraints have pushed prices higher, but these are primarily transitional to meet demand. This is why many central banks initially considered the inflation to be transitory during and immediately after COVID-19. According to the OECD, container freight rates remain approximately 160 % higher than they were a year ago, with even steeper increases on certain routes between Asia and Europe. These costs are affecting consumer prices but with a modest impact if the recent decline in costs continues, particularly due to lower export prices from China and continued lower global commodity prices.

According to the OECD, a key to reducing headline inflation is slower growth in services prices, which have proven difficult to decrease.

Headline inflation forecasts, %



Source: ECB, FED, IMF WEO (October 2024)

«The OECD expects Euro area inflation to come in at 2.4 % for 2024».

Interest Rates to Be Cut Further, but Uncertainty Looms

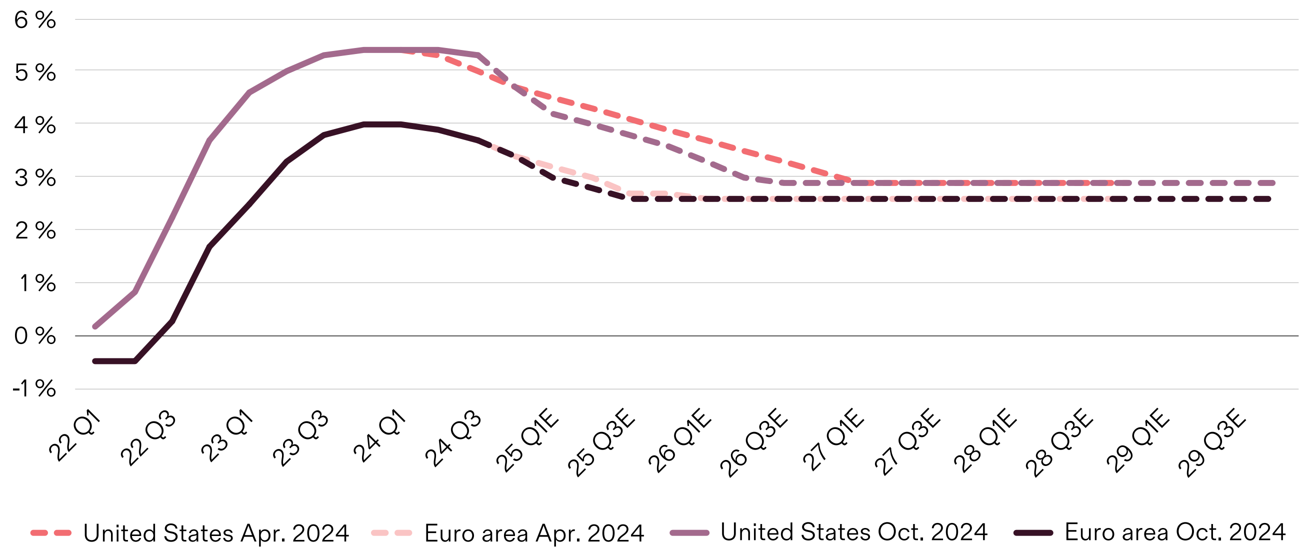
Globally, interest rates are trending downward, although long-term interest rates have recently increased in some areas. As inflation eases and labour market pressures subside, policy rate cuts are expected to continue. In the US and the euro area, policy interest rates are forecasted to decrease by an additional 150 bps and 125 bps, respectively, by the end of 2025, moving them closer to neutral levels. In contrast, Japan is expected to see modest rate hikes as inflation has finally begun to increase there.

Long-term interest rates are mainly determined by investors, who have become more concerned about fiscal prudence on the back of high government debt levels driven by spending pressures from aging populations, climate change and defence. Governments will furthermore face higher debt-service costs as low-interest debt matures and needs to be refinanced at higher interest rates. In the absence of a decline in the interest rate term structure, government debt burdens may grow to unsustainable levels, putting upward pressure on long-term bond yields.

In its September meeting, The Federal Reserve (Fed) made a surprising 50 bps interest rate cut to 4.75–5.00 %, the first such cut since the COVID-19 pandemic in March 2020. Most observers expected a 25 bps cut, but the central bank cited concerns about weaknesses in the labour market. It was emphasized, however, that this should not be interpreted as a sign of overall economic weakness, but rather as an indicator that progress toward the 2 % inflation target was underway. Subsequent employment data has confirmed the resilience of the US economy, leading to an increase in long-term rates.

Meanwhile, in Europe, inflation and economic activity suggest further interest rate cuts are likely, following a 25 bps reduction in three key ECB interest rates in mid-October. The main refinancing operations rate stands at 3.25 %, down 75 bps from the start of 2024. ECB President Christine Lagarde, during her press conference after the ECB's decision, stated that future rate cuts would be "data-driven," indicating that inflation and growth data will guide their decisions. She added, "If the data continues to point in the same direction, we will act accordingly, but we remain flexible and open.

Key policy rates, %



Source: IMF WEO (October 2024)

«As inflation eases and labour market pressures subside, policy rate cuts are expected to continue».

"Parallell", Oslo

Malling & Co Property Partners has acquired “Parallell” at Økern on behalf of Malling Core Plus I, a BREEAM NOR Excellent office building of approx. 19 000 m^2.

Rådhuspassasjen, Oslo

Malling & Co Eiendomsutvikling is managing the project on behalf of Nordea Liv Eiendom. The project is a complete rehabilitation of the property and aims to restore it to its original appearance as built in the 1930s. The project has high environmental ambitions and aims to achieve BREEAM Nor Excellent. The area is approximately 10 000 m^2.

Macro — Nordics

Inflation Coming Down but Growth is Mixed

Nordic countries have all grappled with high inflation, though some have been more successful in bringing it down. In Sweden, disappointing economic growth has helped reduce inflation to the central bank's target rate of 2.0 %. Similarly, Finland has seen underwhelming economic performance in 2024, with its GDP expected to contract by 0.5 % this year. Conversely, Denmark is experiencing a modest recovery, driven by global growth and improved purchasing power due to slowing inflation. Denmark's GDP for 2024 is projected to grow by 2.1 %, according to the Danish central bank.

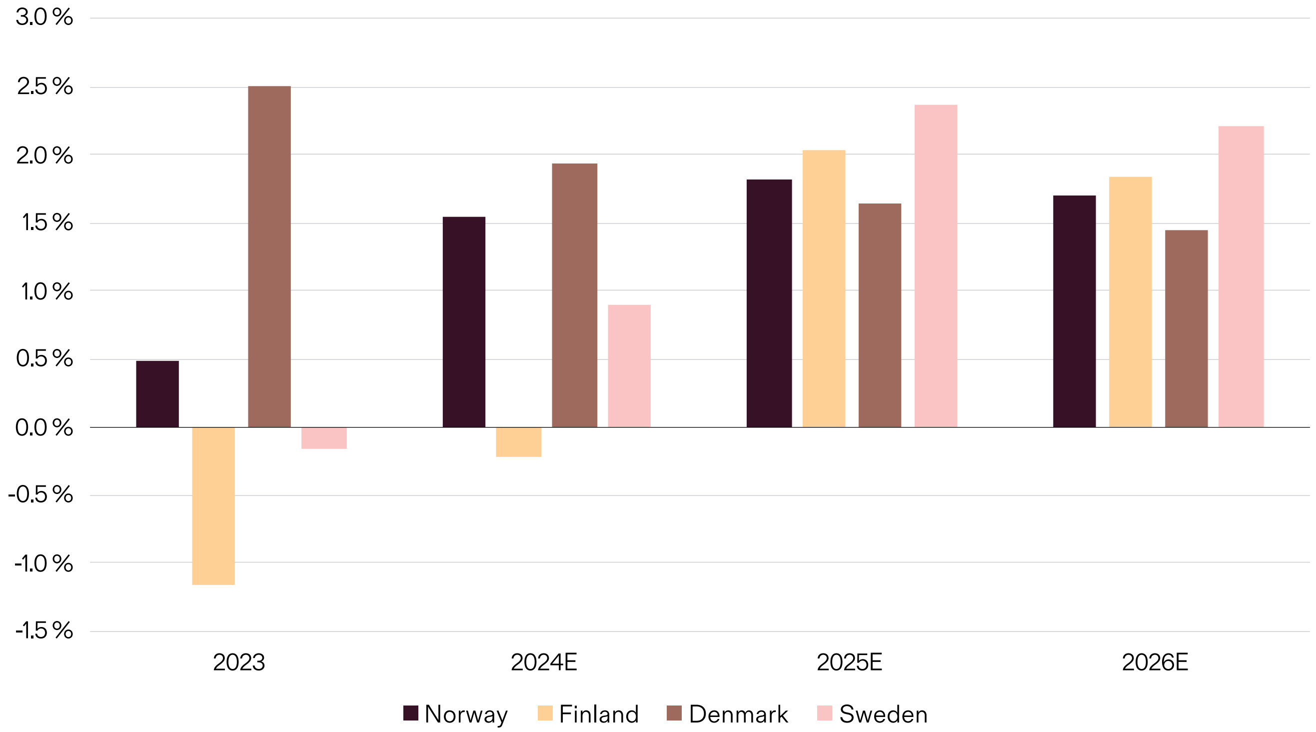
Mixed Bag, with Sluggish Economies in the East

Both the Swedish and Finnish economies are struggling with anaemic growth. In Q2, Sweden's GDP shrank by 0.3 % from Q1 but increased by 0.5 % compared to the same period in 2023. The Swedish economy has seen little to no growth since the end of 2021 and has been in a mild recession for some time. Households are reluctant to spend domestically despite increases in disposable income and real wages. The recovery of the Swedish economy appears to be somewhat delayed. Low, stable inflation should improve household finances and facilitate business investment. However, expectations for an upturn in the Swedish economy are muted. GDP is expected to grow by a modest 0.8 % this year, increasing to 1.9 % in 2025 and a more optimistic 2.5 % in 2026.

In Finland, sluggish private demand and low consumer confidence have hampered GDP growth as well. Unlike Sweden, Finland's GDP grew in both the first and second quarters of this year compared to the previous quarter, but only by 0.3 %. However, growth is not very solid as domestic demand, particularly in private consumption and investments, has remained weak. Like Sweden, the modest growth has been primarily driven by exports, changes in inventories and public sector demand. In Sweden, however, inventories became a drag on GDP growth in Q2. The Finnish central bank expects GDP to contract by 0.5 % in 2024 but then return to moderate growth of 1.1 % in 2025 and 1.8 % in 2026. The central bank notes that improvements in business and household confidence could accelerate economic recovery.

Denmark's economy grew by 1.1 % in the second quarter of 2024, mainly driven by the industrial sector, particularly the pharmaceutical industry. Exports rose by an impressive 3.9 % during the quarter, while private consumption declined by 0.4 %.

GDP growth rate projections, by country, % change



Source: IMF WEO (October 2024)

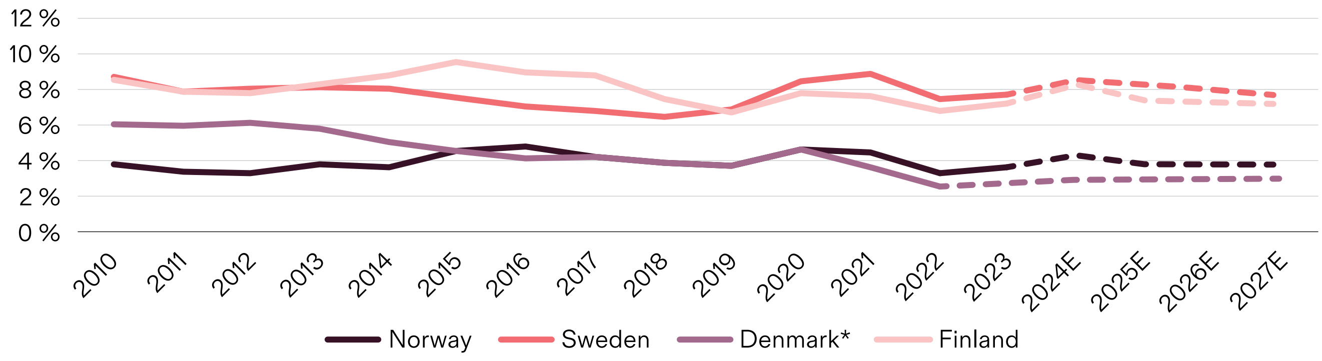
Sweden and Finland Navigate Labour Market Challenges, While Denmark Remains Resilient

Sweden is experiencing a downward trend in employment that began in the fourth quarter of 2023, continuing with a 0.6 % decline in September compared to previous year. The decrease was broad-based, with the most significant reductions observed in construction and business services. In contrast, employment in the public sector has continued to grow.

After a period of high employment and low unemployment, pressure on the Danish labour market has eased over the past two years. Employment has continued to grow, though at a more moderate pace. At the same time, wage growth has been subdued, contributing to stable price development in the economy. This trend is expected to continue, with balanced growth and a labour market better aligned between supply and demand.

In Finland, the labour market is facing challenges in 2024. Unemployment has risen, with the unemployment rate at 8.1 % in September 2024, up from 7.0 % in the same month last year. Employment growth has been modest, and there is a reported mismatch between available jobs and the skills of job seekers. Despite these challenges, a gradual improvement in the economy is anticipated, with increased demand for Finnish exports and a cautious rise in employment in the coming years.

Unemployment rate, %



*Estimates for Denmark is from 2022.

Source: IMF WEO (October 2024)

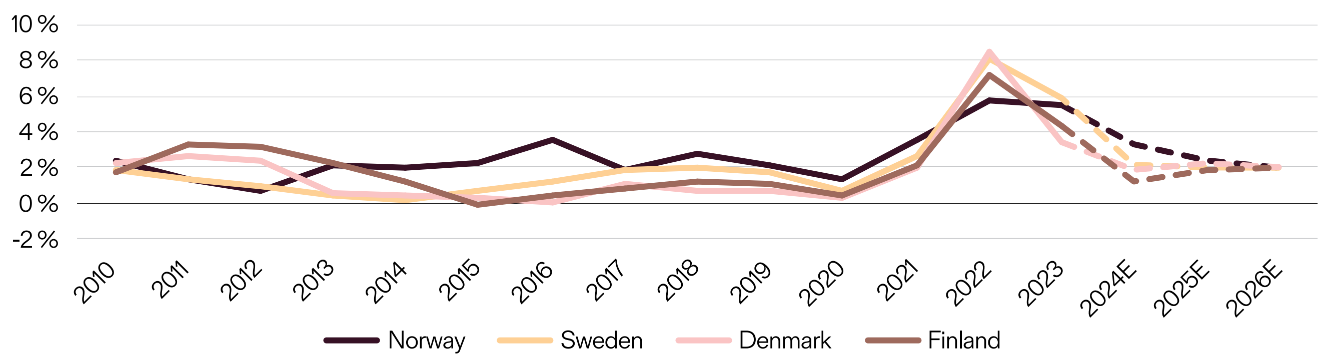
Nordic Inflation Rates Settle Around Target in Sweden, Finland, and Denmark

In Sweden, inflation has already reached the central bank's target rate of 2 %. In September, the annual inflation rate slowed to 1.6 % from 1.9 % in August. Core CPI (excluding energy) decreased to 2.0 %.

Finland's central bank expects inflation to slow to 1.1 % in 2024, down from 4.3 % in 2023. Adjusting for the drop in electricity prices and one-off events (such as a 1.5 percentage point rise in the VAT), core inflation runs at about 2 %. This is expected to increase to 2.4 % in 2025 and then drop back to 1.7 % in 2026.

In Denmark, inflation has decreased notably in recent years. In September this year, the annual inflation rate was 1.3 %, down from 10.0 % two years ealier. Core inflation rose to 1.6 % in September from 1.2 % the previous month. This increase in core inflation is primarily due to higher wage growth, which has contributed to sustained price pressures, especially within the services sector. Danmarks Nationalbank expects core inflation to remain elevated in the coming years, with forecasts of 2.3 % in 2024, 2.8 % in 2025 and 2.0 % in 2026.

Consumer Price Index (CPI), annual change, %



Source: IMF WEO (October 2024)

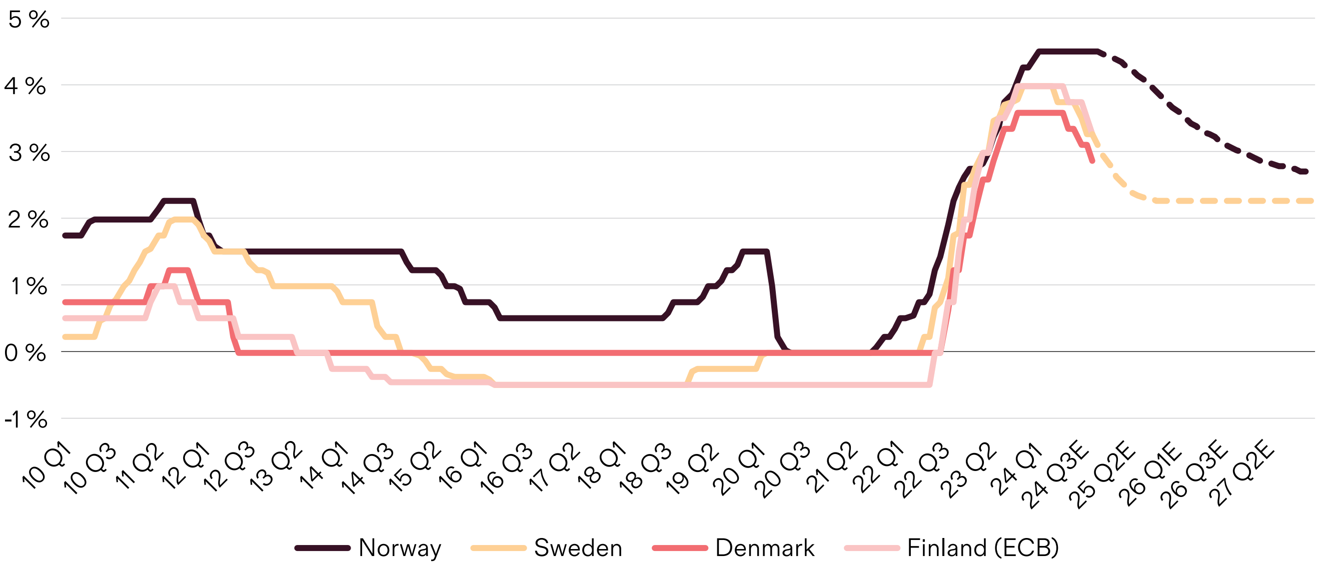
Nordic Central Banks Ease Rates with Potential for Further Cuts in 2025

The Swedish Riksbank has implemented several interest rate cuts in 2024, with the latest reduction bringing the rate to 3.25 % in September. The central bank has indicated that additional cuts may follow in the first half of 2025.

Denmark's central bank, Danmarks Nationalbank, closely follows the European Central Bank's (ECB) rate decisions due to its fixed exchange rate with the euro. In October 2024, the policy rate was set at 2.85 %, a 25 bps decrease, aligning with the ECB's rate cut. Nationalbanken is expected to continue following the ECB's future rate decisions, with possible further cuts in 2025.

As a member of the Eurozone, Finland is subject to the ECB's monetary policy. In October 2024, the ECB reduced the policy rate to 3.25 %. Analysts expect the ECB to continue lowering rates in 2025.

Key policy rates and interest rate path, %



Source: ECB, the Norwegian Central Bank, the Swedish Central Bank, the Danish Central Bank

Today's policy rate

	October 2024
Norway	4.50 %
Sweden	3.25 %
Denmark	2.85 %
Finland (ECB)	3.25 %

Source: ECB, the Norwegian Central Bank, the Swedish Central Bank, the Danish Central Bank

«Nordic Central Banks Ease Rates with Potential for Further Cuts in 2025».

Oslo Airport City, Gardermoen

Malling & Co Næringsmegling has been engaged by Oslo Airport City (OAC) as the broker for projected logistics and office buildings of approximately 40 000 m^2 at Gardermoen Airport.

Macro — Norway

Steady Growth Ahead for Norway Despite Challenges in Employment, Inflation, and Debt

Economic growth in Norway is expected to strengthen, with registered unemployment remaining low. Private sector consumption is anticipated to rise in the coming years, driven by higher real income growth and increased household optimism. Public sector demand will also contribute to sustained growth.

Norwegian Economy Anticipates 2025 Rebound, Led by Consumer and Public Sector Demand

The Norwegian economy is expected to gain momentum after a lacklustre 0.7 % growth in mainland Norway (excluding the oil sector) in 2023 and 2024 (projected). Both Statistics Norway and the Treasury expect mainland GDP to grow by 2.1 % and 2.3 % in 2025, respectively. However, the Norwegian central bank expects a more modest growth of 1.8 % next year. Private consumption and public sector demand are expected to be the main growth drivers, while low construction activity will restrain growth. Capacity utilization has decreased, easing pressure in the labour market, though utilization varies across industries. The construction sector has below-average utilization due to the slowdown in construction activity, hampered by higher interest rates. Business investments remain high but have been trending lower in 2024, however with an expected increase again in 2025 and 2026. Residential investments are expected to plummet by another 15 % in 2024 after a similar drop in 2023. For 2025 and 2026, the Norwegian central bank expects these to rise by 4.0 % in 2025 and then jump by 10 % in 2026.

Higher wage growth, strong consumer demand, and a continued weakening of the Norwegian krone could impede the Norwegian central bank's efforts to reach the inflation target, potentially forcing the central bank to maintain high interest rates for a longer period. This, in turn, could weigh on housing investments and private consumption. Lingering geopolitical tensions represent a significant uncertainty for the Norwegian economy, given its small, open nature.

According to the Norwegian central bank's quarterly business sentiment survey for Q3 2024, Norwegian businesses expect a modest increase in activity during the second half of 2024, with lower expectations in retail, construction and manufacturing. Conversely, companies related to the oil industry have increased their activity forecasts. Capacity utilization has increased slightly, and more firms are reporting labour shortages again. They also foresee higher investment levels next year. Wage growth is expected to fall to 4.3 % next year, down from 5.2 % in 2024. Overall, optimism is highest outside the Oslo region, particularly in Western Norway, where industrial and export-oriented industries benefit from the weak NOK.

Mainland GDP, %

Source: Statistics Norway

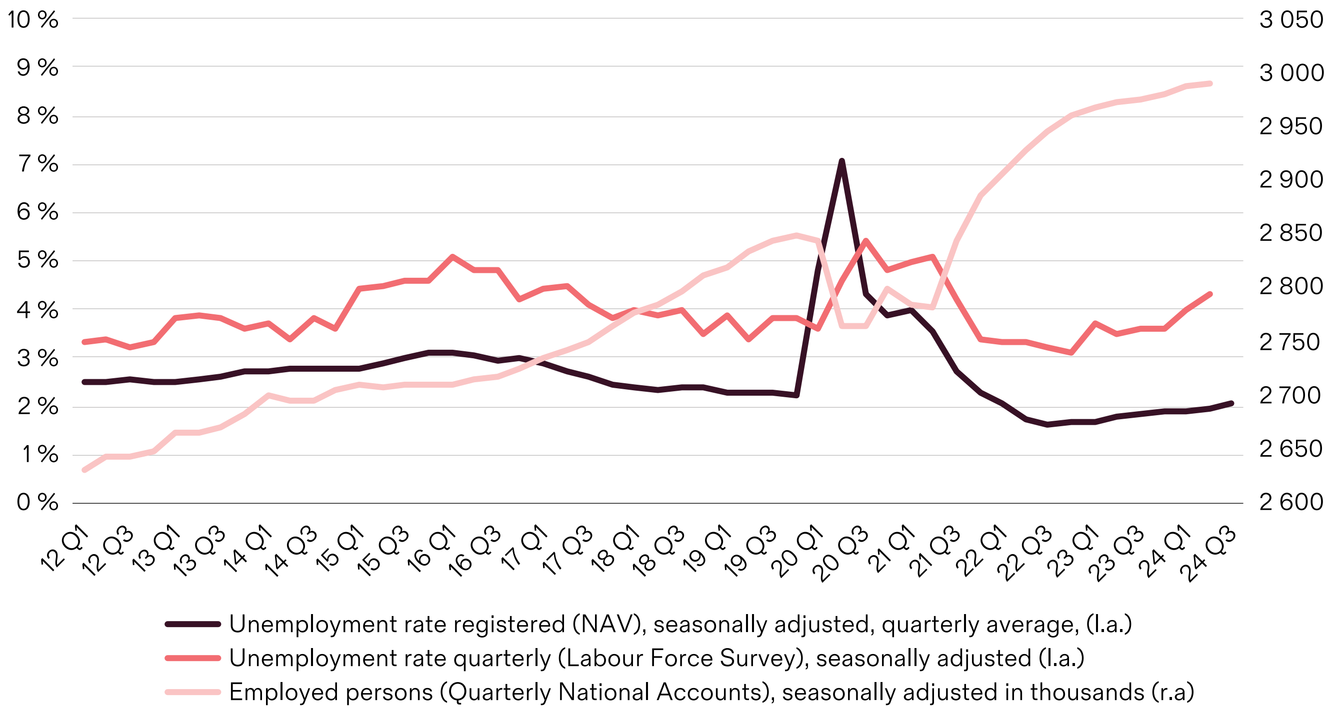
Labour Demand Remains Strong, Supporting Real Wage Growth in 2024

Labour demand remains strong, although it has trended somewhat lower in 2024, raising the unemployment rate to a still recordlow of 2.1 %. The number of job vacancies is also high, though down from its peak. The alternative unemployment measure, the Labour Force Survey (LFS or "AKU"), indicates that unemployment is close to the long-term average. Much of the increase in LFS unemployment over the past two years is due to more students and pupils reporting their job search activities.

Looking ahead, employment is expected to increase in response to higher economic growth, which should benefit commercial real estate. For 2025, the Treasury expects the unemployment rate to edge slightly higher to 2.2 % and remain there in 2026.

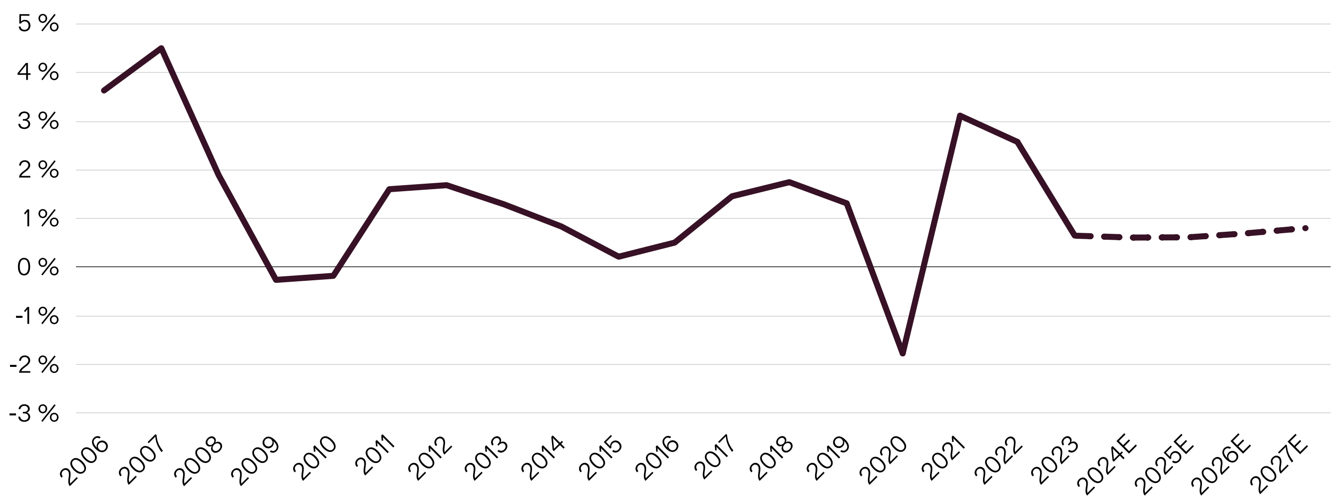
Nominal wages grew significantly in 2022 and 2023 but fell in real terms due to high inflation. In Q2 2024, wages grew at an annual rate of 5.4 %, surpassing the inflation rate, thus implying real wage growth. On average, wages are expected to grow by at least 5 % across all industries this year, slowing to 4.5 % next year, according to the Treasury Department.

Unemployment rate – registrered (NAV) and Labour Force Survey (LFS), and employed workforce (QNA)



Source: NAV (Norwegian Labour and Welfare Administration), Statistics Norway

Growth in registered employment Q4/Q4 and employment growth from national accounts, Norway, with forecasts



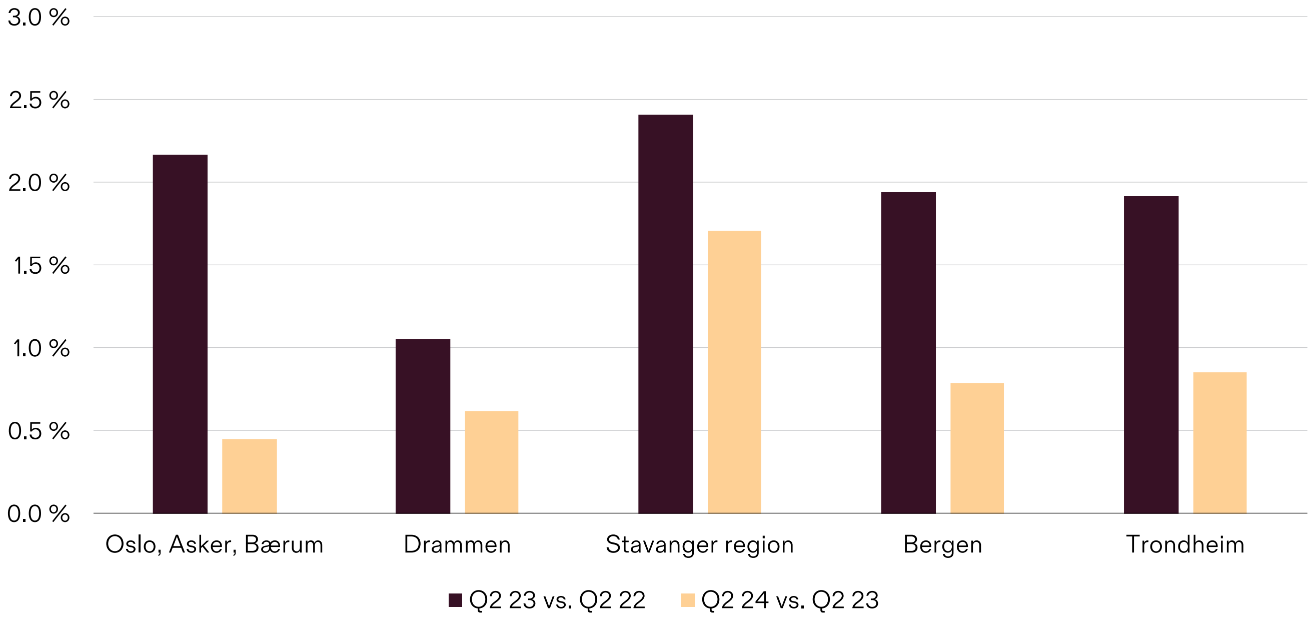
Source: Statistics Norway, Malling

Employment Growth in all the Major Cities

The labour market in Norway's largest cities has experienced moderate growth from Q2 2023 to Q2 2024, where all cities have seen an increase in the number of employees. However, there is a noticeable decline from the strong growth rates observed during the Q2 2022 to Q2 2023 period. Stavanger stands out as an exception, where growth remains solid, primarily due to high activity in the energy sector and related industries, which are creating new jobs and investment opportunities. Latest data for Oslo have been slightly softer.

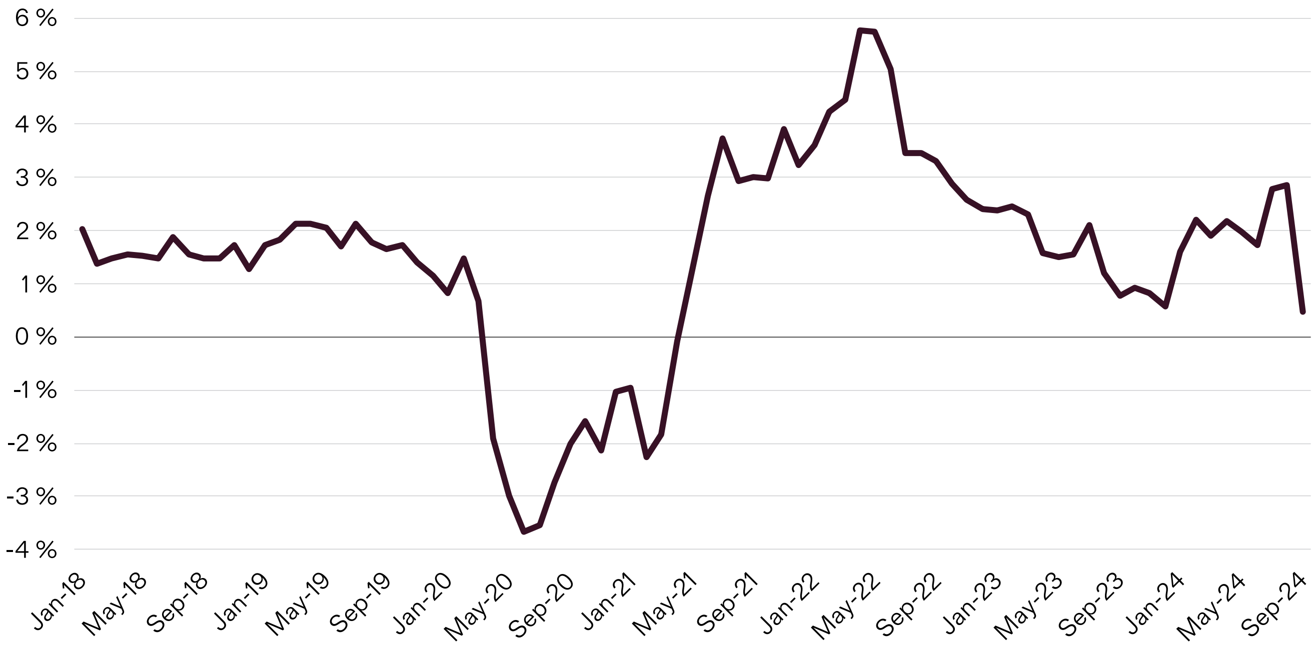
In other cities, sectors such as technology, services and green solutions have continued to drive employment growth, but at a lower level. This deceleration may suggest that urban labour markets are entering a more balanced phase after periods of strong expansion. Moving forward, stable employment growth is expected, albeit at a more moderate pace.

Four-quarter change in wage earners per city-area (%-change)



Source: Statistics Norway

12-months rolling change in wage earners Norway, %, (preliminary numbers)



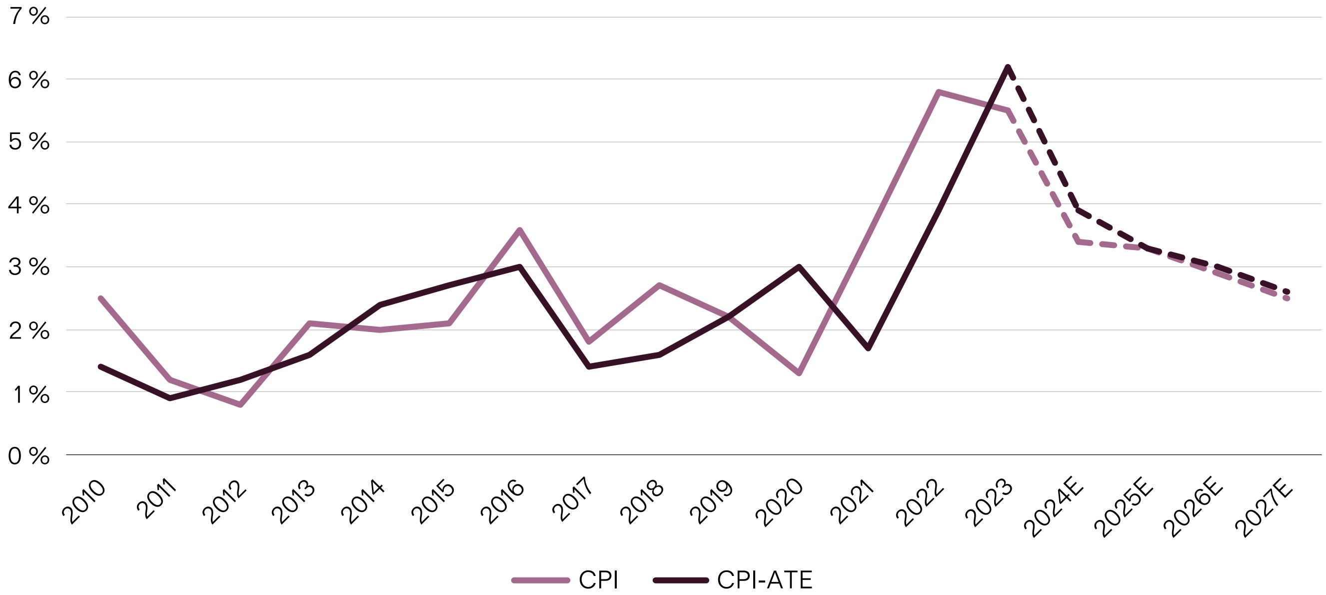
Source: Statistics Norway

Core Inflation in Norway Remains Above Target

Consumer price growth, as measured by the Consumer Price Index (CPI), continues to decline, but the September reading of a core inflation rate (excluding food and energy) of 3.1 % is still well above the Norwegian central bank's target of 2.0 %. Headline CPI grew at an annual rate of 3.0 % in September, up from 2.6 % in August.

While inflation is trending down, higher electricity prices and lingering weakness of the Norwegian krone (NOK) may put upward pressure on the CPI in the short term. The Treasury expects CPI growth to decelerate to 3.0 % next year, down from 3.7 % in 2024. A persistently weak NOK may push imported prices up again, as some importers, such as Vinmonopolet, have been slow to fully adjust prices, waiting for the future direction of the NOK. Therefore, there might be a pent-up price adjustment coming into effect in the future.

CPI and CPI-ATE



Source: Statistics Norway

«A persistently weak NOK may push imported prices up again».

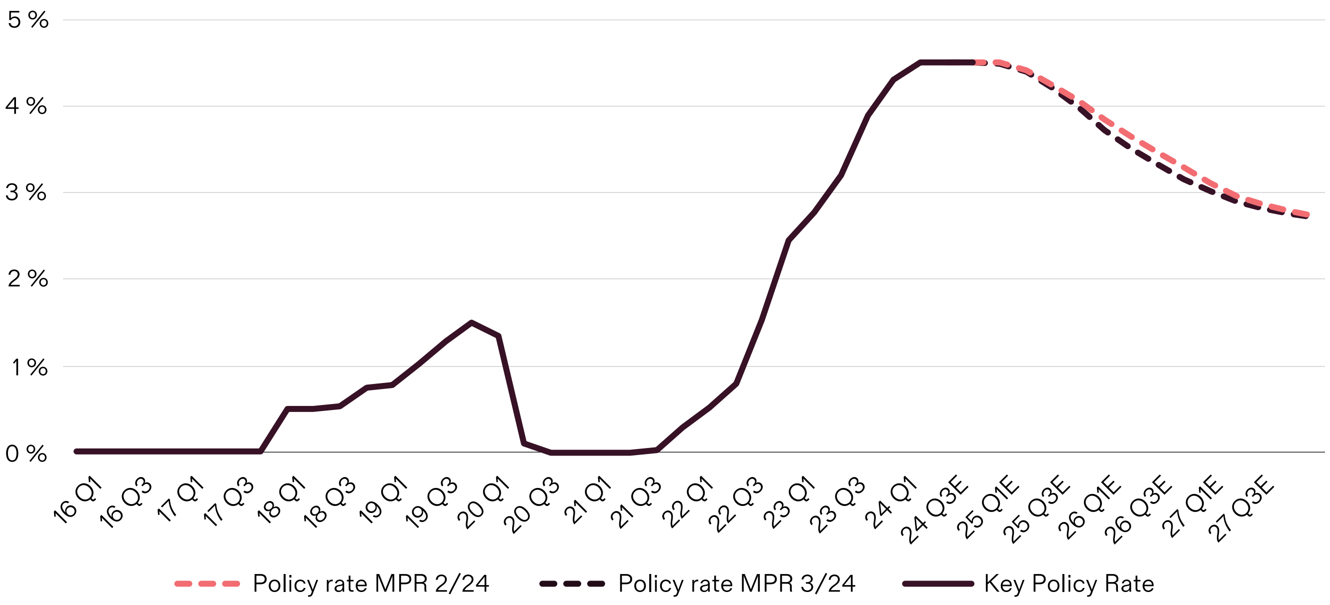
The Norwegian Central Bank Holds Firm on the Key Policy Rate Amid Weak NOK and Persistent Core Inflation

Contrary to most central banks in Western economies, the Norwegian central bank has decided not to lower its key interest rates this year. The key interest rate of 4.5 % has remained unchanged since the last hike in 2023. Surprisingly, this decision comes despite falling inflation rates and reduced pressure in the labour market. The central bank cited the still high core inflation rate, which was 3.1 % in September, and the weak NOK as reasons for maintaining the rate. Central bank governor Ida Wolden Bache even signalled that interest rates would be kept "for some time," dampening any hope of a rate cut in 2024. the Norwegian central bank anticipates it may take up to three years to bring inflation back to the target rate of 2.0 %.

While Norway has a large public sector that acts as an economic stabilizer, Norwegian households are heavily indebted and mostly have floating rate mortgages, making private consumption vulnerable. The weak NOK puts the Norwegian central bank in a dilemma: defending the NOK through high interest rates but risking financial trouble for indebted companies and households. This could negatively impact the retail and restaurant segments of the real estate market.

Long-term interest rates have risen by 40 bps following the Norwegian central bank's signals, and later in response to the Government's proposed budget, which is perceived as slightly expansionary.

Key policy rate



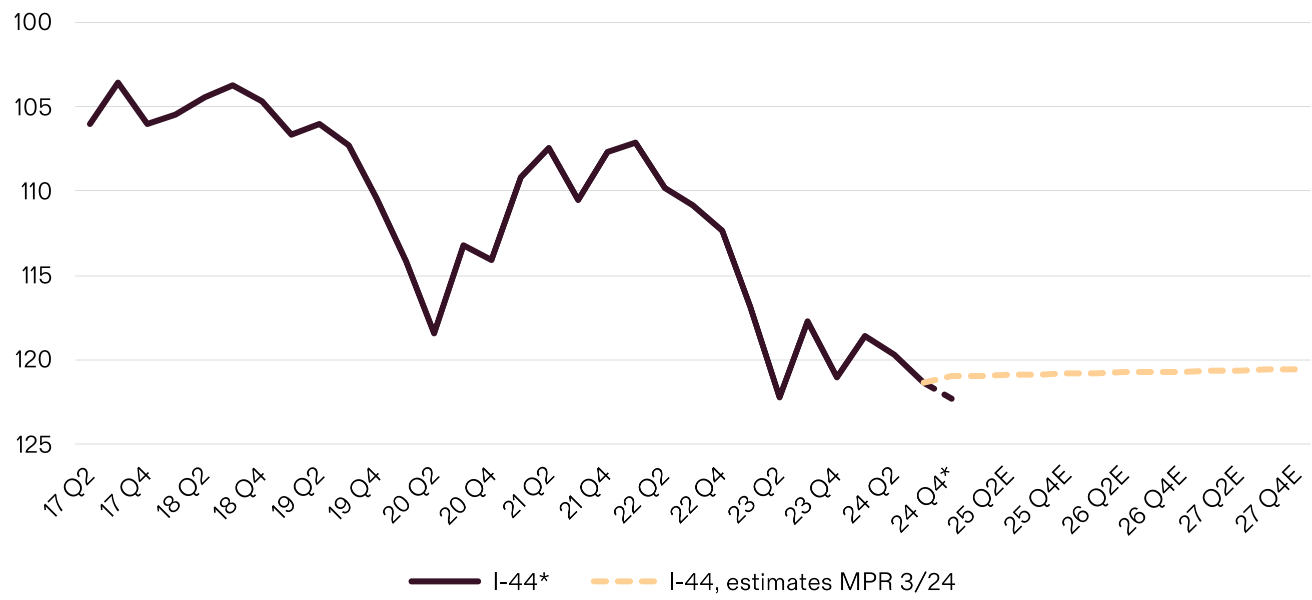
Source: The Norwegian Central Bank. MPR 3/24

«The Norwegian central bank has decided not to lower its key interest rates this year».

Norwegian Krone – Unsteady as She Goes

The Norwegian krone (NOK) fluctuated throughout 2024, but continued its depreciation after some appreciation late in 2023. As of the end of October, the NOK is down almost 5 % this year against a trade-weighted basket of currencies (I44). Over the past decade, the NOK has depreciated by as much as 21 % against the I44 and 38 % against the US dollar. This depreciation has caught the attention of international media outlets like The Economist and Financial Times, which have referred to it as a "conundrum." Several reasons have been suggested, but none seem to fully explain it. Interest rate differentials between Norway and other countries, risk aversion and weak oil prices have been the main suspects. Poor productivity growth has recently become one of the favoured theories. It might also be a "flight to big currencies" in uncertain times, or that the NOK is still overvalued after a massive overvaluation following the Great Financial Crisis. Neither the Treasury nor the Norwegian central bank expects further NOK depreciation, but both emphasize the uncertainty surrounding the future direction of the NOK.

I-44 with estimates from MPR 3/24



*24 Q4 as at 24 October 2024.

Source: The Norwegian Central Bank. MPR 3/24

«The NOK is down almost 5 % this year against a trade-weighted basket of currencies (I44)».

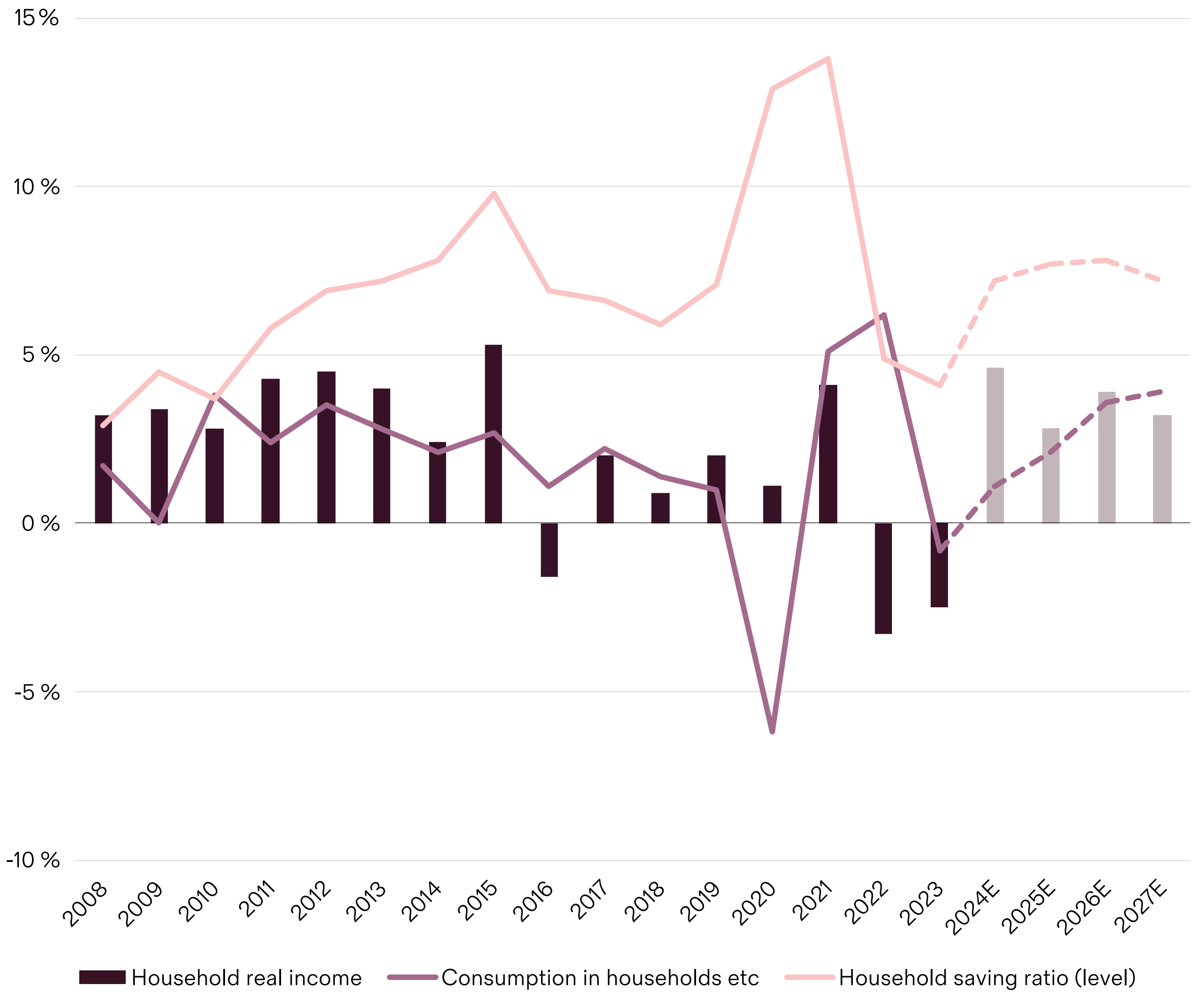
Rising Consumer Debt and Defaults Signal Financial Strain for Norwegian Households in 2024

The financial situation for Norwegian households deteriorated significantly in 2024, particularly regarding consumer debt and loan defaults. Increased costs associated with both interest-bearing and non-interest-bearing debt have led to growing financial pressure for many households. According to figures from Gjeldsregisteret AS, total consumer debt among Norwegian households amounted to NOK 168.4 billion as of 30 September 2024, up 7.5 % year-on-year. After a period of declining consumer debt between 2019 and 2022, we have seen a steady growth since the end of 2022. The interest-bearing portion of the debt has increased by 7.2 % over the past year, while non-interest-bearing debt has grown by 9.0 %. Revolving credit and instalment loans, including personal loans and other unsecured debt, have been the main contributors to this growth. Revolving credit alone has grown by 8.8 %, equivalent to NOK 6.1 billion, while instalment loans have increased by 6.6 %, or NOK 5.7 billion.

Defaults on consumer debt and subsequent collection cases have become a growing challenge. By the end of the first half of 2024, there were 671 000 debt collection cases related to consumer debt, an increase of 4.9 % from the same period in 2023. The total amount of defaulted consumer debt reached NOK 60.3 billion, of which accrued interest accounted for NOK 25.4 billion. The average defaulted amount per debt collection case stood at NOK 89 800, showing a slight reduction from the previous year. The proportion of debt collection cases pending for more than 18 months was 75.7 % at the end of the first half of 2024, a slight decline from 78.4 % the previous year. This indicates that many households are struggling to settle debt, leading to lengthy collection processes.

With high interest rates and increased living costs, the financial situation for those in debt remains dire. Inflationary pressures and high interest costs increase the risk of households incurring additional debt, while also weakening their ability to service existing debt. With sustained high interest rates, the rate of defaults is expected to continue rising as more households come under financial strain.

Households' financials, annual change, %



Source: Statistics Norway

Filipstad, Oslo

Illustration: DIIZ

Malling & Co Energi og Miljø has been engaged by Hav Eiendom to provide sustainability advice in the development of an environmentally friendly energy supply for Filipstad.

The Investment Market

All Equity Reigns Supreme

The year 2024 has been marked by many large, structural transactions, several of which have been necessity-driven sales due to financial needs or upcoming loan maturities. The gap between buyers' bids and sellers' asks has narrowed significantly since the beginning of the year. The Norwegian central bank has clearly indicated that the interest rate peak has been reached, and with expectations that the policy rate will eventually be lowered, there is much greater optimism among investors, despite uncertainty about the timing of rate cuts and the economic outlook. All-equity buyers have been the driving force behind a decline in prime office yields, setting new benchmarks for cap rates in this cycle.

Several Multi-Billion Deals

As of 24 October 2024, the transaction volume has reached NOK 58.2 billion, matching the total volume for the previous full year. This marks a significant increase compared to the same time in 2023, when the volume was NOK 42.9 billion, although it remains considerably lower than the 2022 level of NOK 72.3 billion by the end of October. We have recorded approximately 140 transactions so far this year, significantly fewer than the 170 and 290 transactions registered by the same time in 2023 and 2022, respectively. Our estimate for the total transaction volume in 2024 is NOK 75-80 billion.

Notable transactions include EC Dahl's acquisition of Entra's portfolio in Trondheim, Malling's purchase of the Selmer portfolio, Logistea's acquisition of KMC Properties, as well as the sale of Equinor's headquarters at Fornebu and Lysaker Park. Looking ahead, we expect the transaction volume to increase in 2025, as there is substantial capital ready to be invested in commercial real estate. The share of necessity-driven sales will likely decline, despite higher bond maturities in 2025 compared to 2024. Bank margins have also decreased significantly. Signs of easing in the bond market have already been observed in Sweden, where interest rates are already much lower than in Norway. Beyond the absolute transaction volume, we find that the market has shifted towards higher volume deals in more centralized locations. We anticipate that more transactions will be strategically driven, focusing on reallocations, both in terms of sector weighting and distribution across asset classes.

Volume development in NOK billion (transaction volume larger than NOK 50 million)

*As of 24 October 2024.

Source: Malling

«Looking ahead, we expect the transaction volume to increase in 2025».

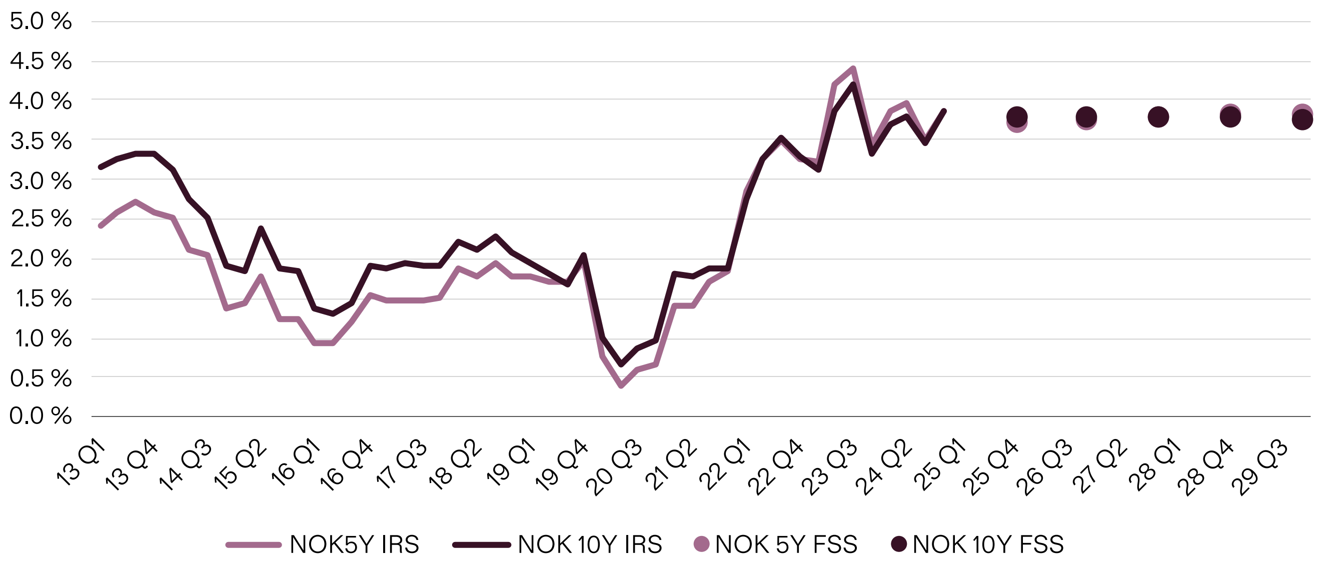
Volatile Interest Rates Still Hampering Activity

Currently, the NOK 5-year interest rate swap (IRS) stands at 3.87 %, which is 20 bps lower than at the editorial date for our May report and 47 bps lower than one year ago. Over the past 12 months, interest rates have been highly volatile. 2023 ended with significant declines, followed by sharp growth in Q1 2024. The preliminary peak for 2024 occurred in April, reaching just above 4.25 %. Towards the end of summer, rates declined again and remained below 3.50 % for an extended period. At that time, many believed the low rates were here to stay and would continue to fall, especially following the "double" rate cut by the FED. However, autumn proved otherwise, with today's level over 50 bps higher than the lows seen during Q3.

Given the commercial real estate market's sensitivity to debt costs, activity slows when rates rise. The continued volatility in long-term rates persists in dampening transaction activity. Although rates remain high from a historical perspective, yields have gradually adjusted to the rate level, but the yield gap remains negative in many cases. NOK 5-year forward-starting swaps (FSS) indicate that the market expects a marginal rate decline in the coming years, but stabilization at higher levels. The NOK 5Y5Y FSS was recorded at 3.83 % on 24 October, supporting the "higher for longer" view.

Sellers who do not face loan maturities or an urgent need to sell will likely avoid rushing to dispose of properties, waiting for interest rates to decline. This results in continued restrictions on supply, along with challenges in achieving desired prices. Nevertheless, we are noticing a shift toward strategic reallocations and the realization of values to enable investments in new projects, contributing to an increase on the supply side. On the buyer side, investments must remain financially viable, which remains challenging with high interest rates. We expect the gap between buyers and sellers to narrow as rate cuts become a reality.

NOK 5Y IRS, NOK 10Y IRS and FSS



*As of 24 October 2024.

Source: Thomson Reuters

«We are noticing a shift toward strategic reallocations».

Back to Basics - The Hometown Advantage

Our regional overview indicates that the share of investment volume in Greater Oslo and other large cities has increased significantly compared to last year. In total, the transaction volume share in these large cities has risen from 68 % in 2023 to 80 % in 2024. The primary driver of this shift towards centralized locations stems from a risk-off sentiment among the most active investors, who are seeking core properties and lower risk on residual values.

The transaction volume targeting centralized locations has been driven by numerous large deals made by major professional real estate companies. These companies have been the most active on the buying front this year, accounting for a 54 % share. Syndicates are the investor type that typically show the most interest in purchasing, and they usually account for substantial portions of the purchase volume. However, so far this year, their share is 7 %, significantly lower than in recent years. By comparison, the syndicate's share was 12 %, 22 % and 20 % in 2023, 2022 and 2021, respectively.

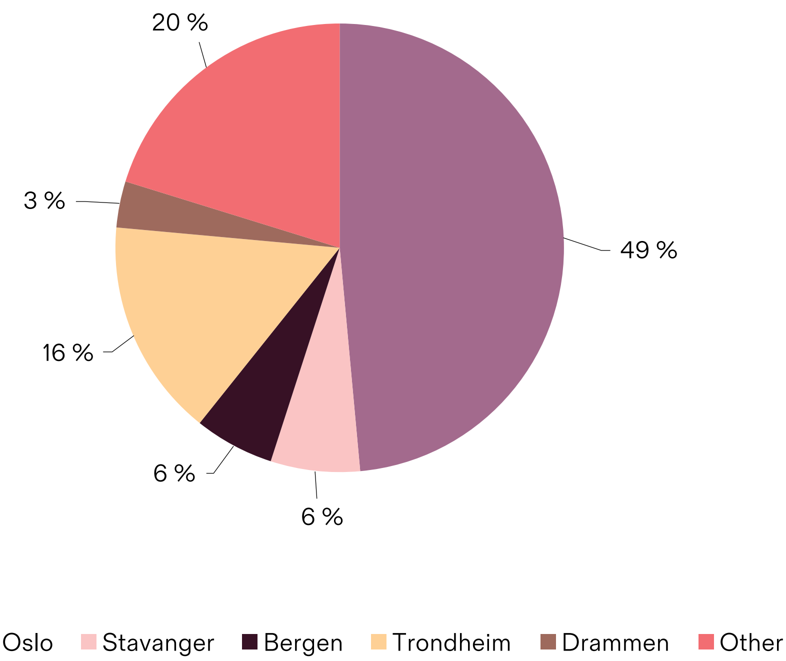
Prime yield (net) in Norway per October 2024

City	Prime yield (office)	△ from last report
Oslo	4.65 %	▼ -10 bps
Stavanger	5.20 %	▼ -65 bps
Bergen*	5.25 %	▬ +0 bps
Trondheim**	5.50 %	▬ +0 bps
Drammen	5.90 %	▼ -5 bps

*WPS Næringsmegling **Norion Næringsmegling. Source: Malling

«The investment volume in Greater Oslo and other large cities has increased significantly compared to last year».

Regional split of the transaction market 2024* by volume



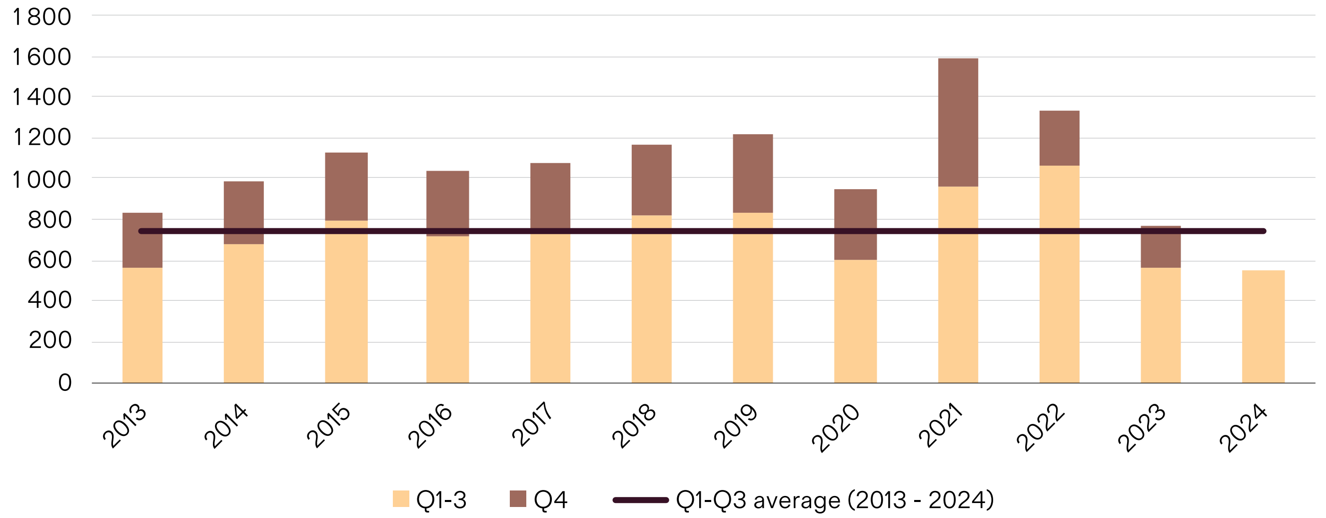
*As at 24 October. Source: Malling

Global Activity Shows Signs of Recovery Despite Weak Start in 2024

In our May report, we noted that Q1 2024 marked the weakest first quarter since 2013, continuing a period of exceptionally low transaction market activity. The following quarter, however, experienced a 16 % increase in activity from Q1. Global transaction volumes in Q3 still show that the market has not fully recovered, with Q3 2024 volumes 4 % lower than those in Q3 2023. On a positive note, the total volume in Q2 and Q3 2024 is slightly higher than in the same two quarters of 2023. Comparing the last two quarters with Q4 2023 and Q1 2024, we observe a 3 % increase, which, while modest, suggests a relatively higher increase when considering that Q4 is typically the most active quarter of the year. Although global activity is not yet fully restored, there are signs of an upswing.

Logistics has remained the most transacted segment globally in 2024, with a total of USD 47 billion—a 6 % increase from 2023. Retail, however, has experienced the most significant drop, declining by 8 % since 2023, while the office segment has remained relatively stable, increasing by 1 % from 2023 to 2024. Private investors, often cash-rich and less reliant on debt financing, have increased their market share worldwide in 2024, while institutional capital is also beginning to return. Fundraising remains challenging, with a 27 % decline from 2023 to 2024. Nonetheless, the positive news is that there is still significant dry powder ready to be allocated to real estate, which could expedite the market's recovery.

Total global real estate volume, USD billion



Source: Savills, Malling

«Private investors, often cash-rich and less reliant on debt financing, have increased their market share worldwide in 2024».

Prime yield (net) in Europe per Q3 2024

City	Prime yield (office)	∆ from last report
Stockholm	4.00 %	▼ -10 bps
Munich	4.20 %	+0 bps
Paris	4.25 %	+0 bps
Copenhagen	4.15 %	▼ -10 bps
Amsterdam	4.60 %	+0 bps
Milan	4.25 %	+0 bps
London	4.00 %	+0 bps
Oslo*	**4.65 %**	**▼ -10 bps**

*Oslo as at October.

Source: Savills, Malling

Yield Decline Has Begun – Baby Steps in Pace

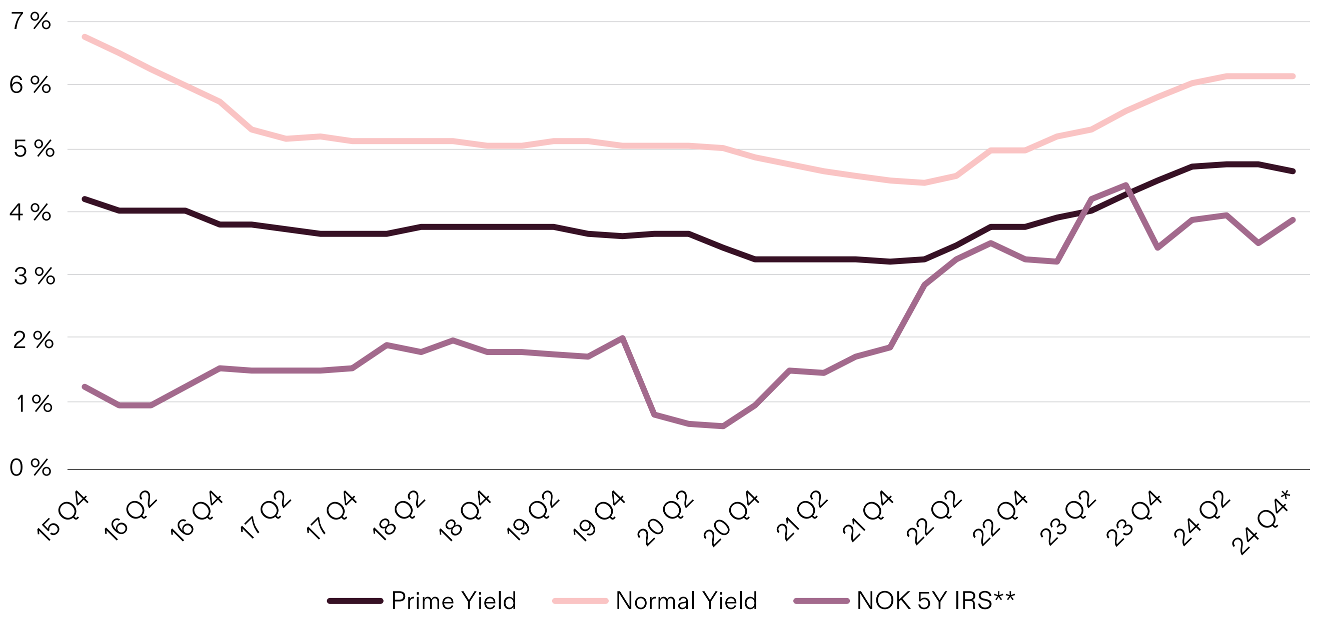
In our previous report from May, our house view assumed that yield levels had reached their peak, with the prime yield for offices in the CBD at 4.75 %. We expected it to start declining from there, though the timing and steepness of this decline remained uncertain. In September, we revised our prime yield for CBD offices down to 4.65 % and expect yields to continue falling over the next 12 months. The average yield for normal offices in Oslo is 6.15 %, with a spread of 150 bps between the normal and prime yield—10 bps higher than the spread observed this summer. Additionally, this spread is 10 bps lower than the average spread from 2015 to the start of the pandemic. Significant uncertainty remains about how long current yield levels will persist before further decline.

High yields, combined with high financing costs, have reduced demand for typical yield properties. When interest rates fell towards the end of summer, there were signs of increasing popularity for yield properties, although they remained less favoured than in the past. As mentioned, interest rates have since risen again, though bank margins have declined, indicating that a renewed and sustained fall in rates could boost demand for yield properties. Properties with value-add potential from rental uplift remain popular. Equity buyers have been very active throughout the year, setting the benchmark for prime properties.

We find that foreign investors are highly interested in placing their capital in Norwegian commercial real estate, with residential and industrial properties being particularly popular among these investors. Data centers have become a sought-after segment, with many foreign investors looking for greenfield plots to develop. In contrast, offices are not in demand among foreign investors, as these properties do not yield viable returns. As long as equity values continue to rise, Norwegian life insurance companies will likely increase their real estate investments due to weighting needs. Among life insurance companies, core properties are in high demand.

Despite increased activity, the market still struggles with limited closings and accepted offers. Sellers are aiming for prices too high for buyers to justify the investment, which remains the biggest challenge in today's market. The share of off-market deals has been high throughout 2024. Our investment advisors report continued strong demand for projects involving residential development and rental properties. In line with our quarterly investment survey, they also report an increase in demand for office properties.

Yield development



*As at 24 October. **End of quarter.

Source: Thomson Reuters, Malling

«In September, we revised our prime yield for CBD offices down to 4.65 % and expect yields to continue falling over the next 12 months».

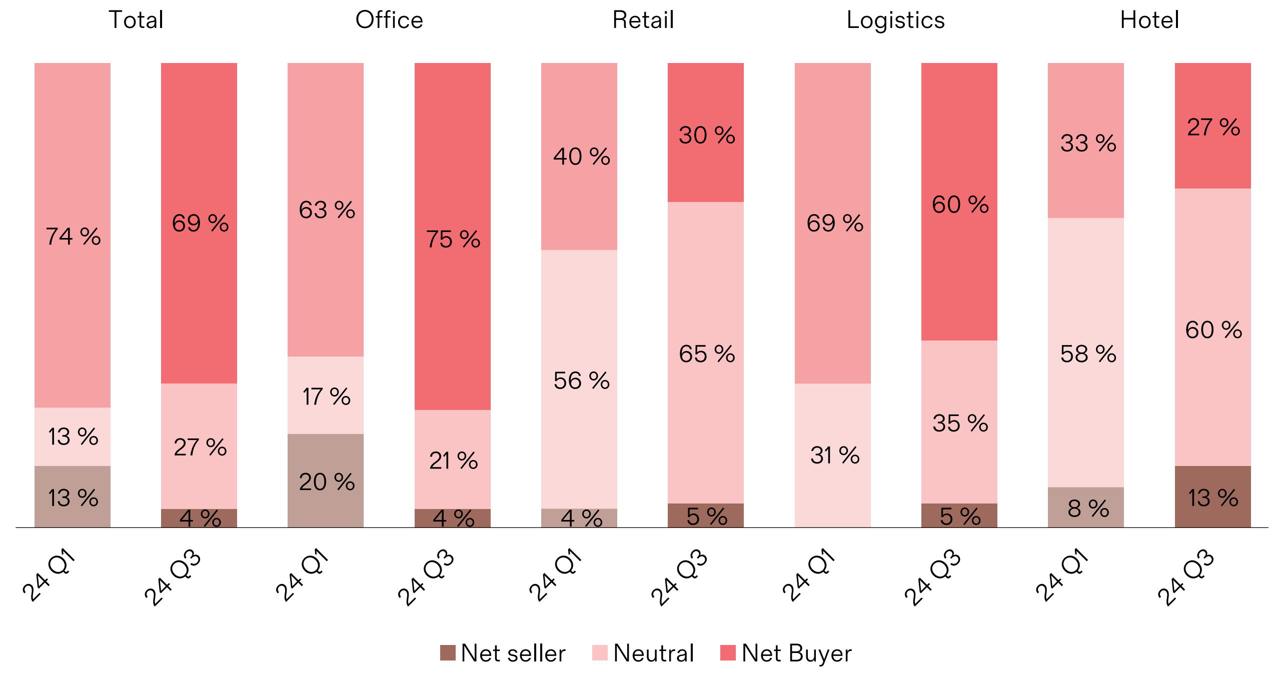
Investor Sentiment Survey Shows Growing Interest in Commercial Real Estate

In our latest investor sentiment and yield survey from Q3 2024 (with the survey period concluding on Friday, 27 September), 69 % of respondents indicated that they intend to be net buyers of commercial real estate (CRE) in the next 12 months. This represents a decrease of 5 percentage points compared to the proportion of net buyers in our previous market report from May 2023. Although the Q3 2024 results are less favourable compared to Q1 2024, there has been a sharp increase in net buyers over the past 12 months, rising from 50 %, signifying an increase of 19 percentage points. Conversely, the proportion of net sellers has decreased since the Q1 2024 survey, dropping from 13 % to 4 %, the lowest level recorded since Q3 2022.

Significant differences exist across various segments, reflecting market experiences. Office and logistics properties are the most popular among investors, with net buyer proportions of 75 % and 60 %, respectively. Compared to Q1 2024, the net buyer proportion in the logistics segment has decreased from 69 % to 60 %, while the office segment has seen an increase from 63 % to 75 %, being the segment with the largest increase in net buyers over the past six months. The proportion of net buyers for hotel and retail properties has fallen by 6 and 10 percentage points, respectively, to shares of 27 % and 30 %. However, it is worth noting that all segments have experienced an increase in net buyers since Q3 2023.

The average investor view on CBD prime office yield in our survey is 4.70 %, which is 5 bps higher than our in-house view of 4.65 %. Following the sharp increase observed from Q3 2023 to Q4 2023, investors have reported that the prime CBD yield has remained stable between 4.70 % and 4.75 % from Q3 2024 until today. Today's prime yield is 5 bps lower than the record high level measured in Q1 2024, and investors expect it to continue falling. In the Q3 2024 survey, respondents indicated that they expect the prime CBD yield to drop by 20 bps over the next 12 months, reaching a level of 4.50 %. Compared to the Q1 2024 survey, yields in most office segments have decreased by 5-10 bps, while yields in the retail segment have remained completely stable. In logistics, yields have also remained relatively stable, except for the last mile segment, where they have increased by increased by 15 bps. There is consensus among investors that yields are expected to fall across all segments, including retail and logistics, over the next 12 months, although not as significantly as in the office segment.

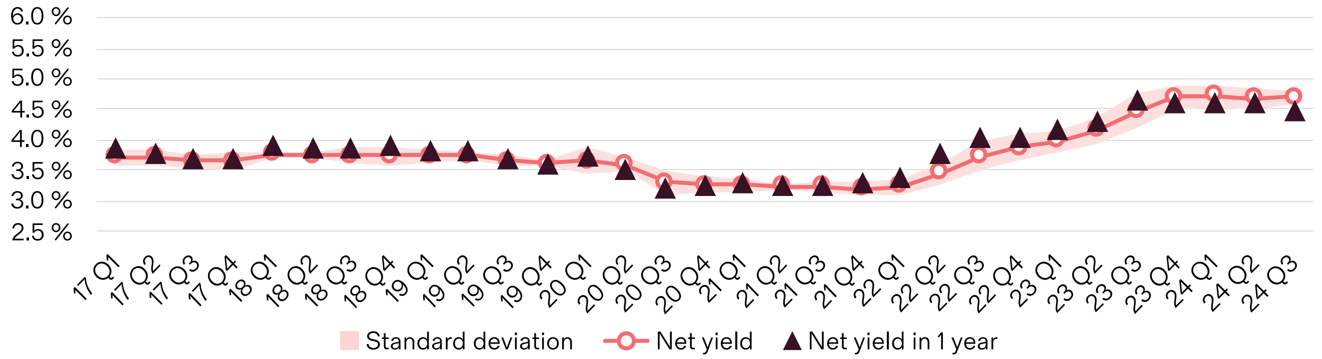
Desired exposure towards commercial real estate next 12 months



Source: Malling Investor Yield and Sentiment Survey

Disclaimer: All graphs on page 27, 28 and 29 are results from the quarterly investor survey, and do not necessarily reflect the official views of Malling Research and Valuation.

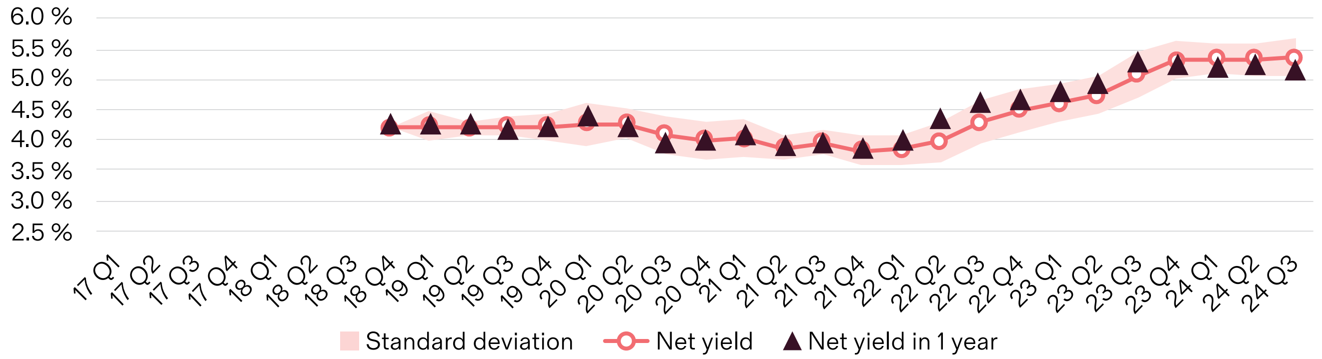
Prime office yield, CBD



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

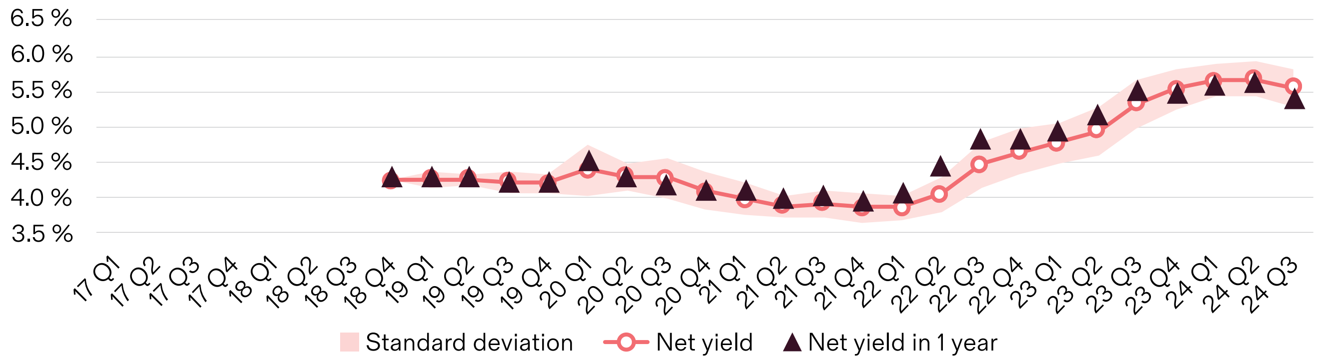
Normal office yield, CBD



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

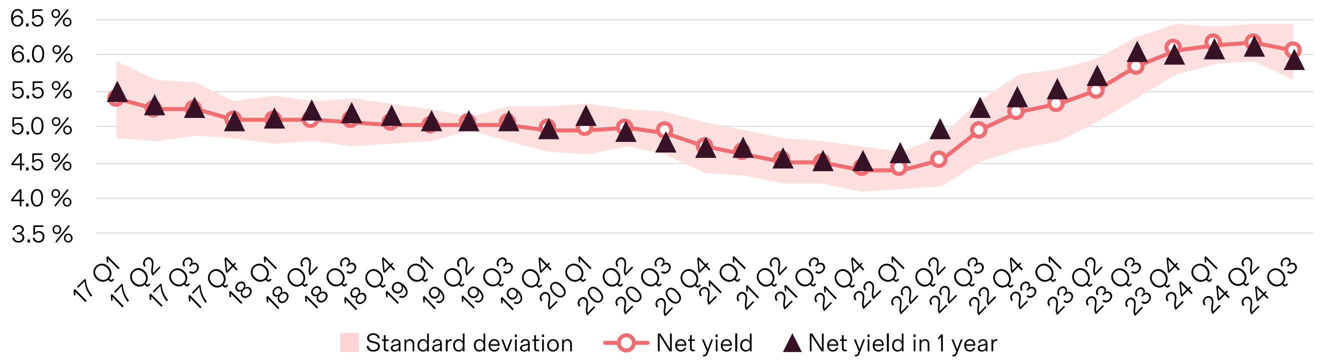
Prime office yield, Helsfyr



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

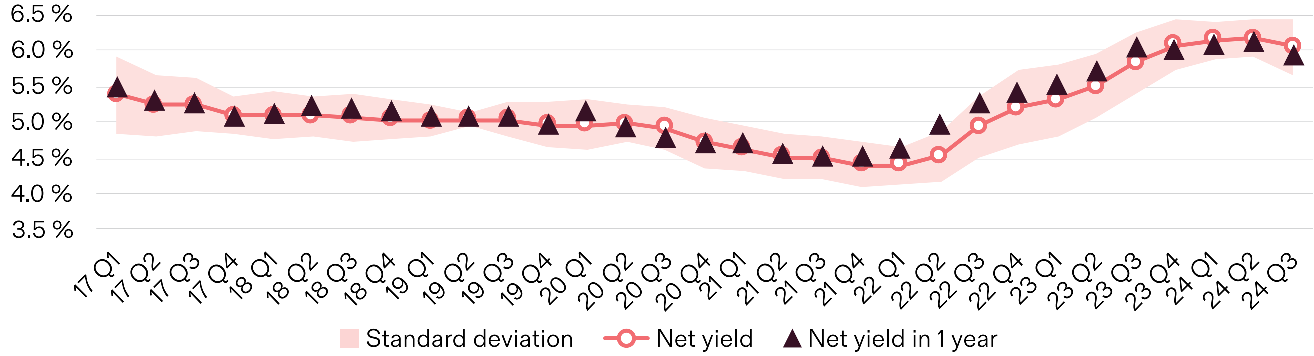
Normal office yield, Helsfyr



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

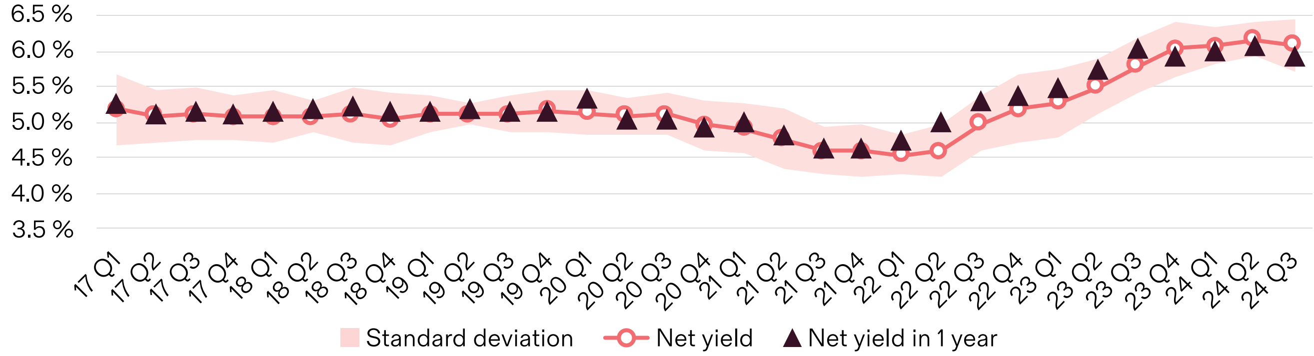
Prime office yield, Lysaker



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

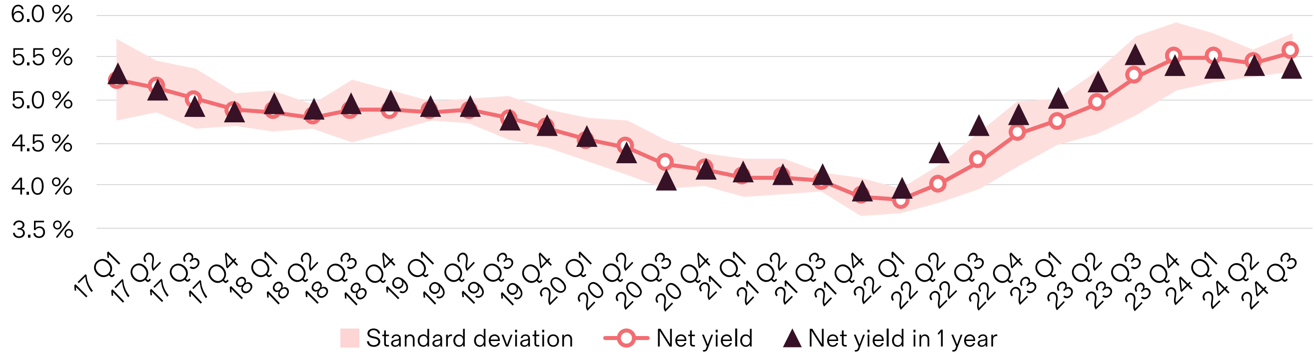
Normal office yield, Lysaker



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

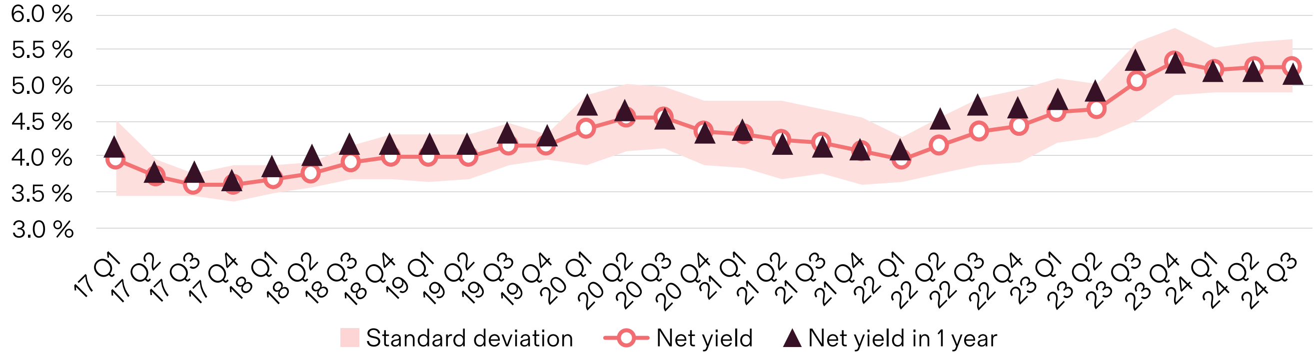
Prime logistics yield, Berger



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

Prime retail high street yield, Egertorget



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

The Office Market

Office rental outlook: Expected Rent Growth Postponed

In this section, we examine key market indicators and their anticipated impact on future rental growth in Greater Oslo.

Demand Side

- The Norwegian central bank predicts a slowdown in national employment growth from Q2 2024 to Q2 2025, which is expected to moderate short-term rental growth. However, the current demand for office space is influenced by growth from previous years, as lease contracts restrict tenants' ability to rapidly adjust to space requirements.
- From Q2 2023 to Q2 2024, there was nearly zero growth in private sector employment in Oslo, indicating a cooling office market with tenants being more hesitant about increasing leasing costs. Negative employment growth has been recorded in the city centre office from October 2023 to October 2024, dampening the demand and willingness to increase rents in the short term.
- Despite recent employment growth, pent-up demand in the Oslo market remains a key driver over the medium to long term. This demand effect is expected to unfold over approximately seven years as contracts expire.
- Search activity for office space, measured in m^2 year-to-date in 2024, increased by almost 9 % compared to 2023, with a 5 % increase in the number of searches. The consistent search activity suggests steady take-up next year, as the average time between search and desired move-in date is about 1.2 years.
- As of Q3 2024, the office signing volume over the past four quarters stands at 722 870 m^2, a significant decrease from Q3 2023's 953 500 m^2, as reported by Arealstatistikk. This is slightly below trend and lower than anticipated.
- Year-to-date in 2024, the greatest demand for office space, in terms of lease searches, is within the 5 000 – 9 999 m^2 size category, with nine searches, up from three in 2023. The medium segment from 1 500-4 999 m^2 appears weakest in demand at present.
- We expect the current sluggish employment market in Oslo to shift negotiation power towards tenants, keeping rents flat until autumn 2025.

Supply Side

- New office space completed in 2024 is estimated at approximately 85 500 m^2, before six new office projects and several rehabilitation projects with added area totalling 230 000 m^2 of new space, are finalized in 2025. An additional 161 300 m^2 is confirmed for completion in 2026. Confirmed completion volumes in 2027 and 2028 are currently 39 000 m^2 and 33 000 m^2. New space added to the market in the period 2025-2028 is approximately 460 000 m^2, an average of 115 000 m^2 pr year, aligning with historical averages.

Market Balance and Conclusion

- Since April 2023, vacancy in office clusters has increased by just over 100 000 m^2, approximately one-third of the office space added to the market in 2024 and 2025 combined.
- We anticipate the vacancy rate to stabilize just below 8 % through 2025, then gradually decline to around 7.5 % by the end of 2026. By early 2029, we expect it to decrease significantly to below 5 %.
- Despite sluggish employment growth, we expect pent-up demand from previous employment growth to continue driving demand. The model is sensitive to assumptions about space utilization and pent-up demand effects.
- Over the next 12 months, we forecast nominal rents in Greater Oslo to remain flat until the employment market begins to improve in mid-2025. Some office clusters in the western fringe may experience rental increases due to local employment growth.
- Between 12 to 36 months from now, we anticipate a 10-15 % rent increase, with most growth occurring towards the end of this period. Our forecast has been slightly adjusted downward from the previous report.
- Looking three years ahead, we project an average nominal rent growth of 14 % in Greater Oslo. Although some clusters may outperform others in terms of rental growth, these projections come with uncertainty due to unpredictable employment and office space uptake.

Comments and Remarks

Office rents in Greater Oslo have continued to rise over the past six months, as noted by our Malling broker consensus and Arealstatistikk, but signs of weaker development in 2024 compared to 2023 and 2022 are emerging. Weakening employment growth and economic outlook are expected to impact the market. The western fringe has seen the most robust growth in employment and rents over the past year. The trend of an increasing proportion of new lease contracts in the fringe zones, compared to historical patterns, continues. This results in lower average rent development due to the substantial price differences between the fringe areas and central Oslo. Increased focus on costs, combined with strong employment growth in the western fringe, contribute to this trend. We anticipate that most office clusters will see around 15 % rental growth over the next 36 months, with a few exceptions. Our forecast remains sensitive to assumptions, particularly the absorption of space per new employee, influencing how tenants manage their space and react to changes.

- Normal rents reflect the interval in which most contracts are signed in the specific area.
- Prime rent is the consistently achievable headline rental figure relating to a new, well located, high specification unit of a standard size within the area. The prime rent reflects the tone of the market at the top end, even if no leases are signed within the reporting period. It is important to note that prime rents do not signify the breakeven rents required to initiate a project; rather, they reflect the actual achievable rent in the market. One-off deals that do not represent the market are discarded.
- Project asking rent represents the typical rent that landlords ask to initiate a new building project on their plot or to refurbish an existing building. These project rents reflect the market for newly constructed office spaces, considering plot values and total project costs. It is important to note that these rents do not indicate what the market is willing to pay for the property; instead, they indicate the actual rent developers need to achieve to start projects. One-off instances, such as landlords building on speculation or taking a loss on the plot, are excluded.

Office rent forecast

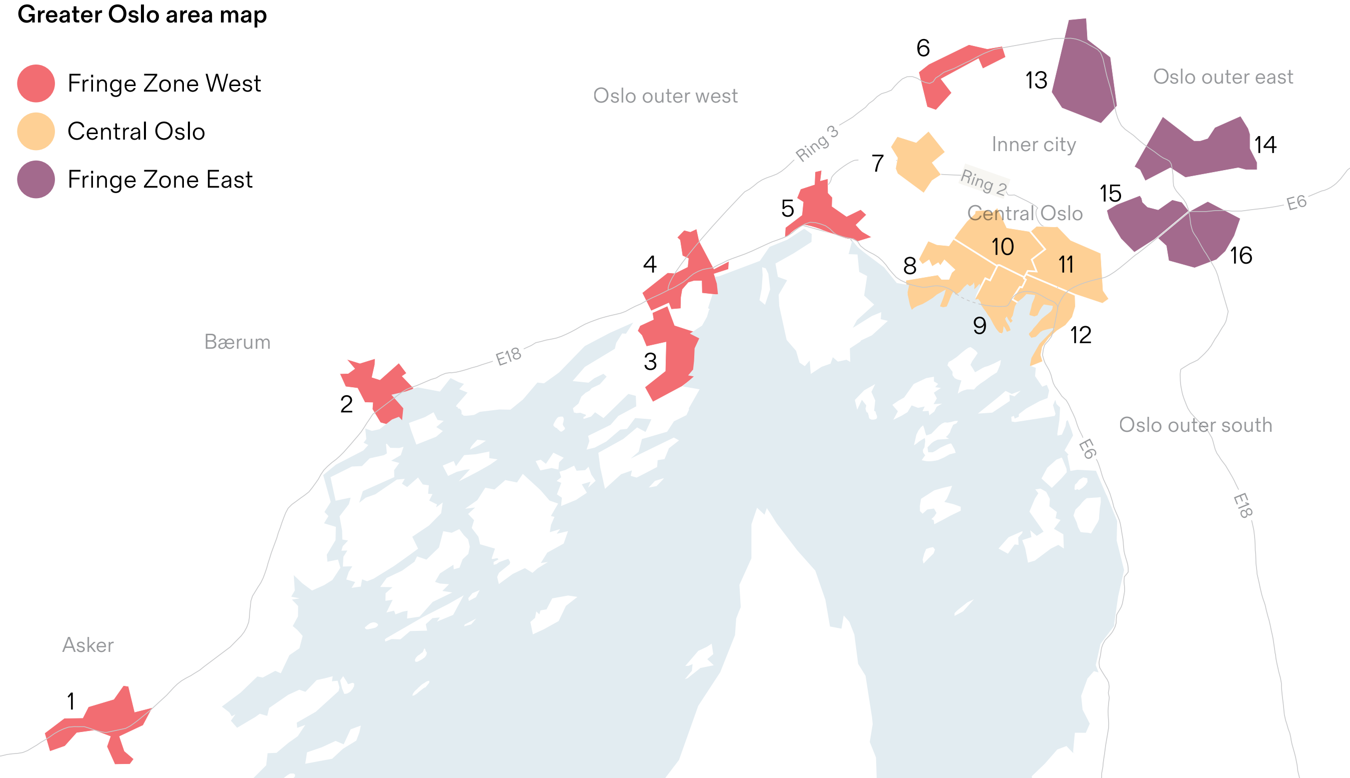
Highly uncertain | Uncertain | Fairly certain

Office cluster	Change Q4 2024 – Q4 2025	Change Q4 2024 – Q4 2027
Asker	0 %	15 %
Sandvika	0 %	15 %
Fornebu	0 %	15 %
Lysaker	5 %	15 %
Skøyen	5 %	15 %
Forskningsparken/Ullevål	5 %	15 %
Majorstuen	5 %	15 %
CBD	0 %	15 %
Kvadraturen	0 %	15 %
Inner city	0 %	15 %
Inner city east	0 %	15 %
Bjørvika	0 %	15 %
Nydalen	0 %	15 %
Økern	0 %	10 %
Helsfyr/Ensjø	0 %	15 %
Bryn	0 %	10 %
Oslo total	**1 %**	**15 %**

A selection of the latest lease contracts

Tenant	Moving to address Office cluster	Moving from address Office cluster	Space m² (rounded)
Tietoevry	Snarøyveien 20 Fornebu	Snarøyveien 30 Fornebu	12 000
Vann- og avløpsetaten	Brynsengfaret 6 Bryn	Herslebs gate 5 Inner city east	10 000
Bouvet (renegotiation)	Sørkedalsveien 6 Majorstuen	Sørkedalsveien 6 Majorstuen	6 200
Voice (renegotiation)	Pontoppidans gate 7 Outer centre north	Pontoppidans gate 7 Outer centre north	5 000
Protector Forsikring	Filipstad Brygge 1 CBD	Støperigata 2 CBD	4 200
Advokatfirmaet Grette (renegotiation)	Filipstad Brygge 2 CBD	Filipstad Brygge 2 CBD	4 000
Eidra	Kongens gate 2 Inner city	Kjølberggata 21 Outer centre east	4 000
Cicero	Campus Ullevål Forskningsparken, Ullevål	Gaustadalléen 21 Forskningsparken, Ullevål	2 800
Siemens Energy	Urtegata 9 Inner city east	Østre Aker vei 88 Økern	2 600
Spaces	Markveien 57 Inner city east	N/A	2 150

Greater Oslo area map

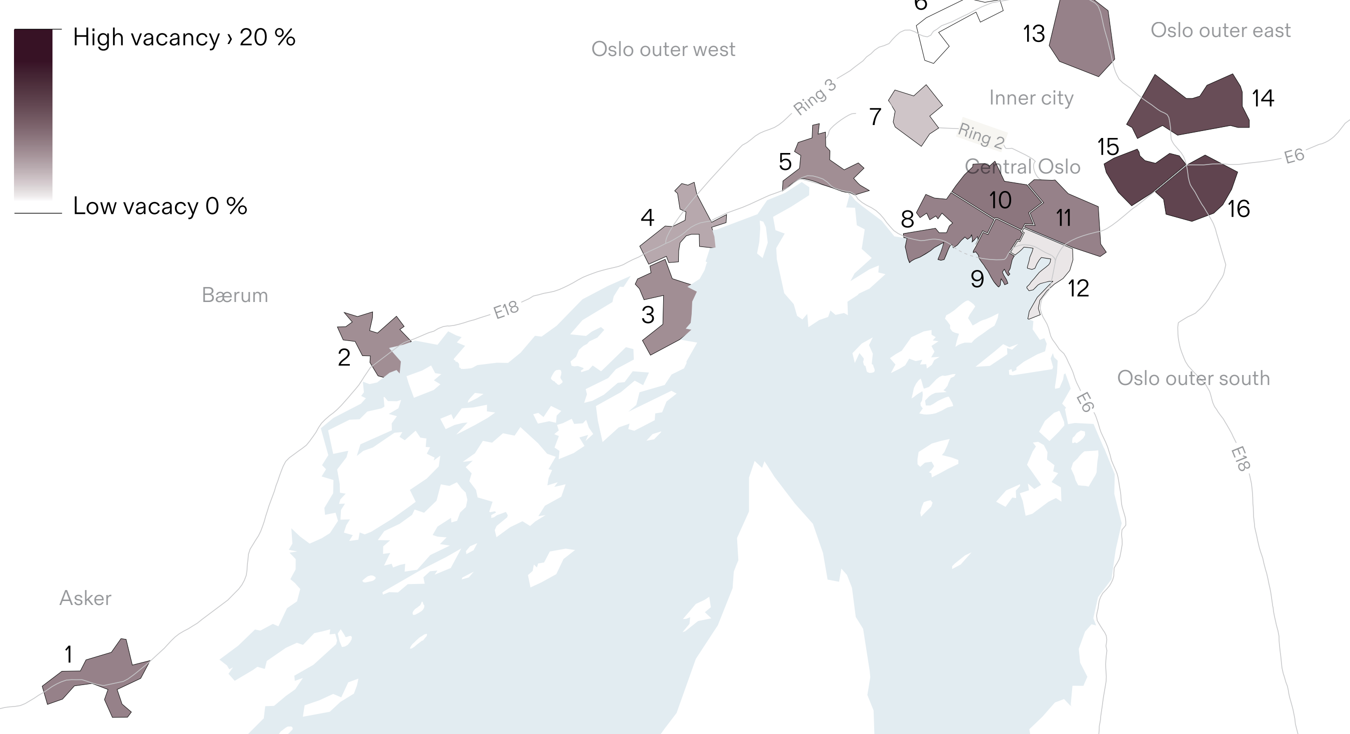


Office rents — Malling consensus (NOK/m²/yr)

	Zone	Office cluster	Typical project asking rent*	Prime rent*	Past 12 months change (prime rent)*	Normal rent*	Past 12 months change (normal rent)*
1	Fringe Zone West	Asker	3 200	2 400	9 %	1 800 – 2 000	6 %
2	Fringe Zone West	Sandvika	3 200	2 800	12 %	1 900 – 2 400	16 %
3	Fringe Zone West	Fornebu	3 200	2 700	8 %	2 000 – 2 500	15 %
4	Fringe Zone West	Lysaker	3 500	3 200	14 %	2 400 – 2 800	11 %
5	Fringe Zone West	Skøyen	4 500	4 300	2 %	3 100 – 3 800	6 %
6	Fringe Zone West	Forskningsparken/ Ullevål	3 500	3 200	14 %	2 200 – 2 800	9 %
7	Central Oslo	Majorstuen	4 500	4 300	8 %	3 000 – 3 500	8 %
8	Central Oslo	CBD	7 000	6 500	3 %	4 500 – 5 500	6 %
9	Central Oslo	Kvadraturen	5 100	4 900	3 %	3 200 – 4 000	0 %
10	Central Oslo	Inner city	5 000	5 000	9 %	3 400 – 4 000	9 %
11	Central Oslo	Inner city east	4 400	4 300	16 %	3 000 – 3 600	12 %
12	Central Oslo	Bjørvika	5 600	5 500	2 %	4 000 – 4 800	5 %
13	Fringe Zone East	Nydalen	3 400	3 200	19 %	2 300 – 2 800	13 %
14	Fringe Zone East	Økern	3 200	2 600	4 %	2 000 – 2 500	14 %
15	Fringe Zone East	Helsfyr/Ensjø	3 300	2 900	9 %	2 200 – 2 600	13 %
16	Fringe Zone East	Bryn	2 900	2 650	15 %	2 000 – 2 500	17 %

*See definition of prime and normal rents on page 30. As change figures are presented as % change in the reported average of the intervals, they may not reflect actual increase in average obtainable rents for the specific cluster.

Vacancy map as at October 2024



Vacancy and new construction

	Office cluster	Vacancy	Past 12 months change (vacancy)	New construction: 2024–2026 pipeline (confirmed)
1	Asker	8 %	-2 pp.	33 098
2	Sandvika	7 %	-6 pp.	22 408
3	Fornebu	7 %	-3 pp.	-
4	Lysaker	5 %	1 pp.	10 232
5	Skøyen	7 %	1 pp.	-
6	Forskningsparken/Ullevål	0 %	0 pp.	132 028
7	Majorstuen	3 %	0 pp.	3 696
8	CBD	8 %	0 pp.	3 387
9	Kvadraturen	8 %	1 pp.	17 482
10	Inner city	9 %	2 pp.	82 117
11	Inner city east	8 %	0 pp.	21 315
12	Bjørvika	1 %	1 pp.	6 156
13	Nydalen	8 %	-1 pp.	2 252
14	Økern	13 %	5 pp.	95 797
15	Helsfyr/Ensjø	14 %	1 pp.	98 524
16	Bryn	14 %	2 pp.	31 808

Source: Finn.no, Malling

Indicators for office demand

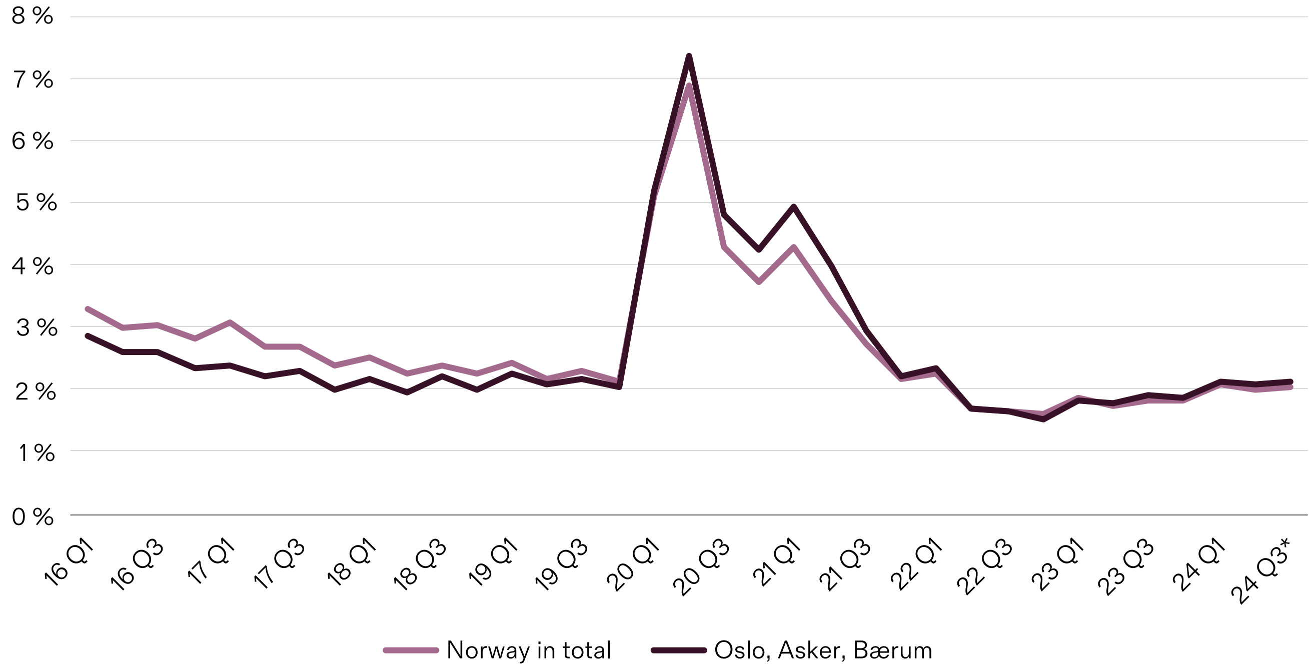
Demand for Office Space Expected to Remain Stable With a Potential Surge From 2026

The post-pandemic employment growth has moderated, with Norway experiencing a noticeable slowdown. However, projections from Statistics Norway (SSB) suggest that growth will remain positive. While Greater Oslo is expected to follow this trend, we anticipate regional growth may initially lag behind the national rate before gradually catching up and surpassing the countrywide estimate. Historically, Greater Oslo has consistently outperformed the rest of Norway during periods of employment growth and experienced greater declines in downturns. Currently, pent-up demand in Oslo is likely to play a significant role in future demand over the medium to long term. Notably, office space search activity has risen, with a nearly 9 % increase in m^2 volume and a 5 % rise in the number of searches when comparing year-to-date figures for 2024 with the previous year. These factors, among others, lead us to believe that demand for office space will remain steady going forward.

Stable Unemployment in Greater Oslo, with Regional Differences

Since the last quarter of 2021, the unemployment rate in the Greater Oslo region has closely followed the national average. As of Q2 2024, Greater Oslo's unemployment rate stands at 2.1 %, which is 0.1 percentage point above the national level. This trend in Oslo aligns with broader national patterns, as described in the "Macro – Norway" section of this report. The sectors most affected by unemployment include health and welfare, retail and sales, as well as engineering and ICT fields. Additionally, it is noteworthy that the unemployment rate in Oslo municipality is higher than the combined average for Oslo, Asker, and Bærum, at 2.5 % compared to 2.0 %. Shifting the focus to Oslo municipality, there were 11 000 unemployed people at the end of August, according to NAV (Norwegian Labour and Welfare Administration). This represents an increase of nearly 1 300 compared to the same period last year. Additionally, certain districts in Oslo stand out with unemployment rates well above 3 %. Søndre Nordstrand, Stovner, Alna, and Gamle Oslo are experiencing high levels of unemployment, while Nordre Aker, Vestre Aker, and Nordstrand have the lowest unemployment rates under 2 %. Although unemployment in Oslo has gradually increased, it remains relatively low from a historical perspective. Additionally, demand for labour is strong, with over 6 000 vacant positions available, according to NAV.

Registered unemployment in Greater Oslo and Norway (incl. temporary lay-offs), %



*As of September 2024.

Source: NAV (Norwegian Labour and Welfare Administration)

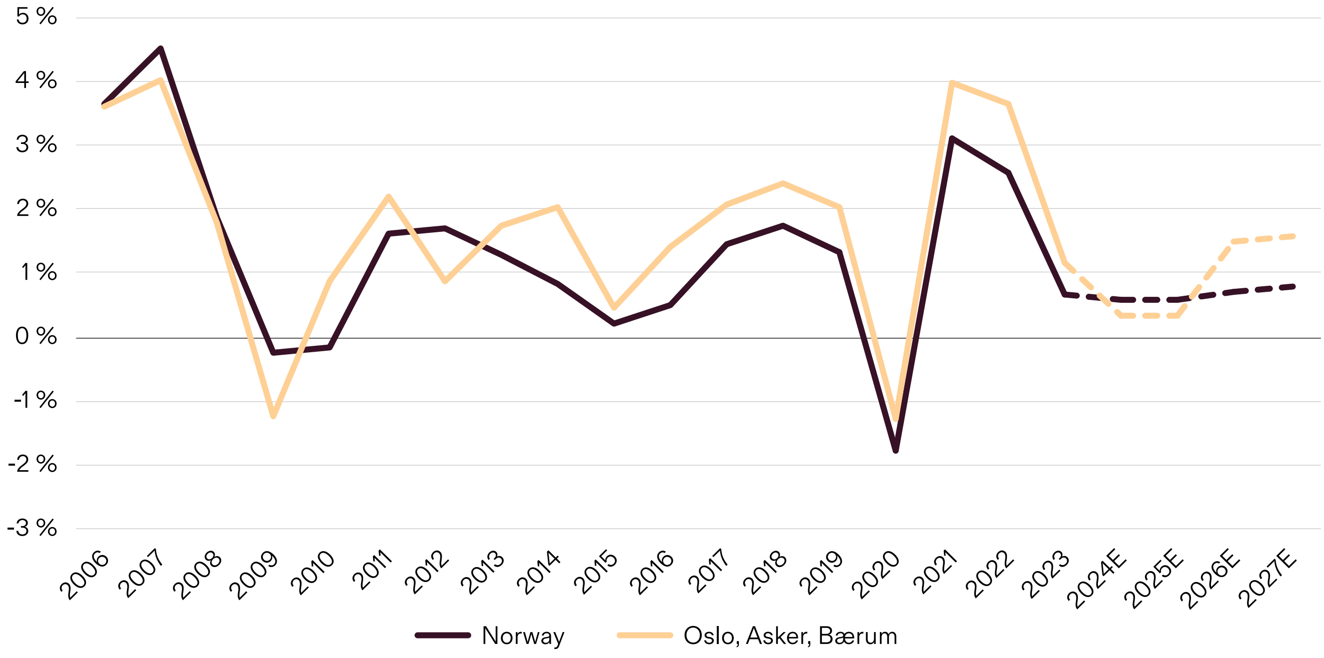
Slow Employment Growth in Greater Oslo in the Coming Year

According to Statistics Norway, employment growth in Norway is expected to remain positive, though at modest levels. Projected growth rates are 0.6 % in 2024 and 2025, rising to 0.7 % in 2026 and 0.8 % in 2027. The 2027 estimate has been revised down from 1.2 % since our last market report. For further details, refer to the "Macro – Norway" section regarding the employment outlook. Focusing regionally on Oslo, Asker, and Bærum, our analysis indicates that employment growth in Greater Oslo may lag behind the national average. Our model forecasts a 0.4 % growth rate for both 2024 and 2025, with an increase to 1.5 % in 2026 and 1.6 % in 2027 – both then above the national average. These projections are based on employment data and historical growth trends for these regions compared to Norway as a whole.

When further investigating the employment market in our defined office clusters, we have observed that employment trends vary across different areas. By analysing the number of employees per company registered in these clusters from October 2023 to October this year, we found that the western fringe zone experienced an employment increase of 2.0 %, while the city centre saw a decrease of 0.6 %, and the eastern fringe zone remained unchanged. Comparing this to the equivalent figure from October 2022 to October 2023, the western fringe zone was at 4.8 % and the city centre at 2.6 %, which shows that there has been a decline in the change of employed persons in the two areas. This analysis indicates that the demand for office space, particularly in the city centre, will be modest if the trend in employment growth continues. Please see our overview of office rents and vacancy for an explanation of which office clusters belong to the different areas.

The anticipated resilience of the employment market has led us to take a moderate approach in estimating future office space demand. Our projections show a net increase in demand, aligned with employment trends. Specifically, we expect an increase of 30 000 m² in 2025, followed by a more substantial rise to 128 000 m² in 2026 and 139 000 m² in 2027. This adds up to a notable total increase of approximately 300 000 m² over this period. However, it's essential to recognize that office space absorption following anticipated employment growth will not be immediate, as it depends on factors such as availability within existing contracts and lease durations.

Growth in registered employment Q4/Q4 and employment growth from national accounts, with forecasts



Source: Statistics Norway, Malling

«We expect an increase in demand of 30 000 m² in 2025, followed by a more substantial rise of 128 000 m² in 2026 and 139 000 m² in 2027. However, it's essential to recognize that office space absorption following anticipated employment growth will not be immediate, as it depends on factors such as availability within existing contracts and lease durations».

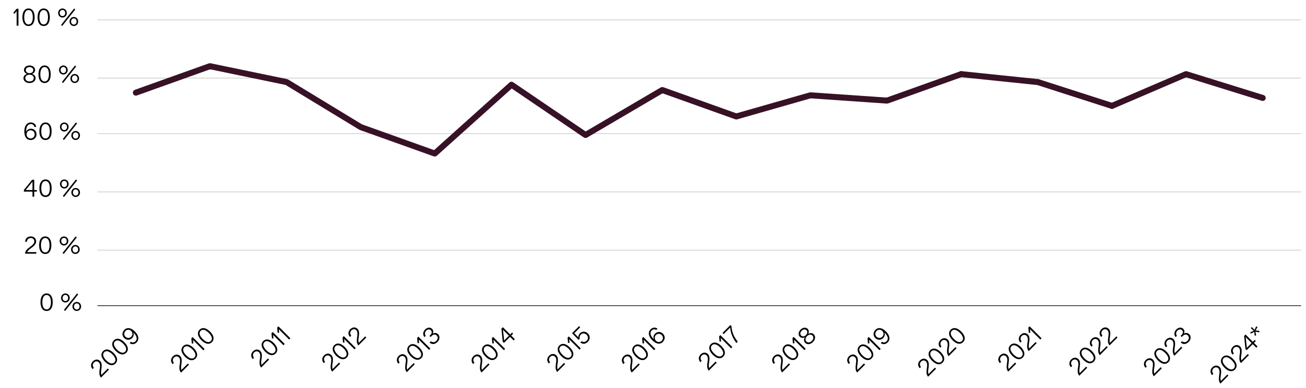
Decline in the Share of Lease Searches for Medium to Small Premises

In terms of lease search activity, the year began at a slower pace than the previous two years, with Q1 2024 volumes lower than those in Q1 2023 and Q1 2022. However, this trend was reversed in Q2, where lease search volumes outperformed the previous two years, with approximately 80 000 m^2 sought in the Greater Oslo area. As of Q3 2024, the total lease search volume has reached 175 000 m^2, surpassing the figures for 2022 and 2023, which were 156 000 m^2 and 164 000 m^2, respectively. Examining the YTD volumes shows they are almost 9 % up from the same figure in 2023 and approximately 5 % up in terms of number of searches.

There has been a gradual decline in the search volume of large office spaces above 10 000 m^2, as highlighted in our previous market reports. In 2021, this volume was 71 500 m^2, decreasing to 60 000 m^2, 57 250 m^2, and now 45 000 m^2 in 2024 when comparing Q3 totals. However, looking at the total volumes for 2021, 2022, and 2023, we saw 84 500 m^2, 75 500 m^2, and 95 250 m^2, respectively. This indicates that there is still potential for some large searches in the remainder of the year. Additionally, we have observed a decline in the share of medium to small premises, defined as less than 5 000 m^2. As of Q3 2024, approximately 40 % of the total volume searched is within this category, which is nearly 10 percentage points lower than the previous two years and 7 points below the 10-year average. For the remainder of the year, we do not expect high lease search activity, as Q4 has historically been the slowest quarter.

As highlighted in previous market reports, it was anticipated that, facing economic pressures from high interest rates and inflation, more tenants might consider fringe areas to reduce rental costs. However, as of 24 October, the demand for central Oslo office clusters suggests that this trend is less prominent than initially expected. In 2023, over 80 % of lease searches targeted central Oslo clusters, and this year's data indicates that 73 % of tenants continue to seek offices in the city centre's higher-cost areas. This figure is only one percentage point below the ten-year average. However, in our summer report published in May, the equivalent figure was 66 %, which may reflect the sensitivity of certain searches.

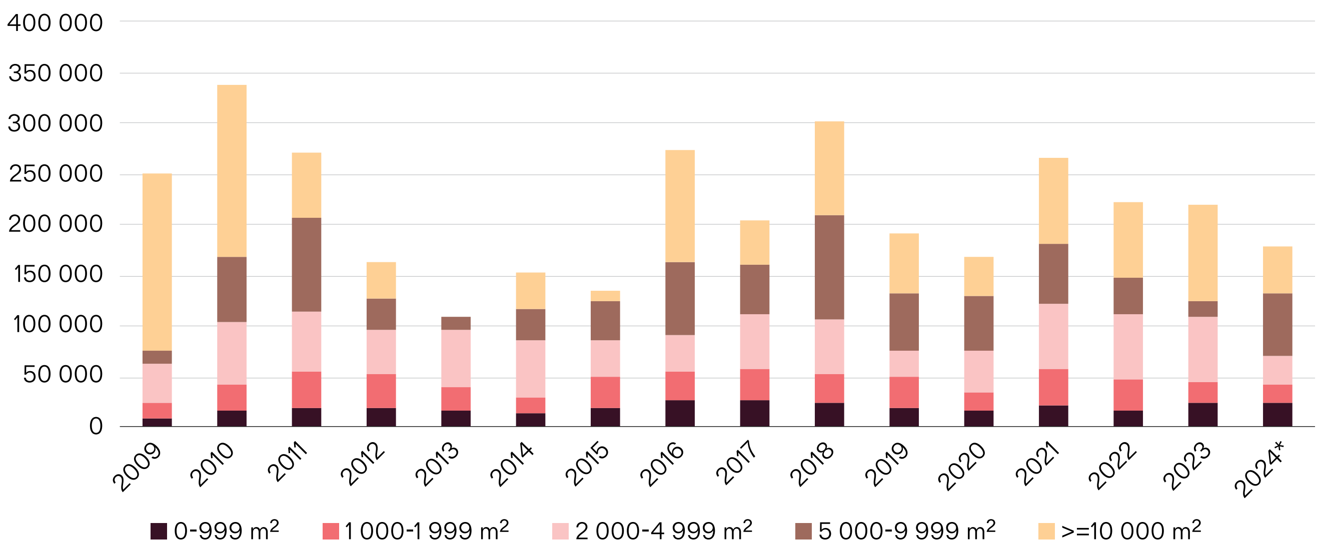
Share of demand for central Oslo office clusters (2009-2024*)



*As at 24 October 2024

Source: NEMEET, Malling

Office searches registered in Greater Oslo (2009–2024*)



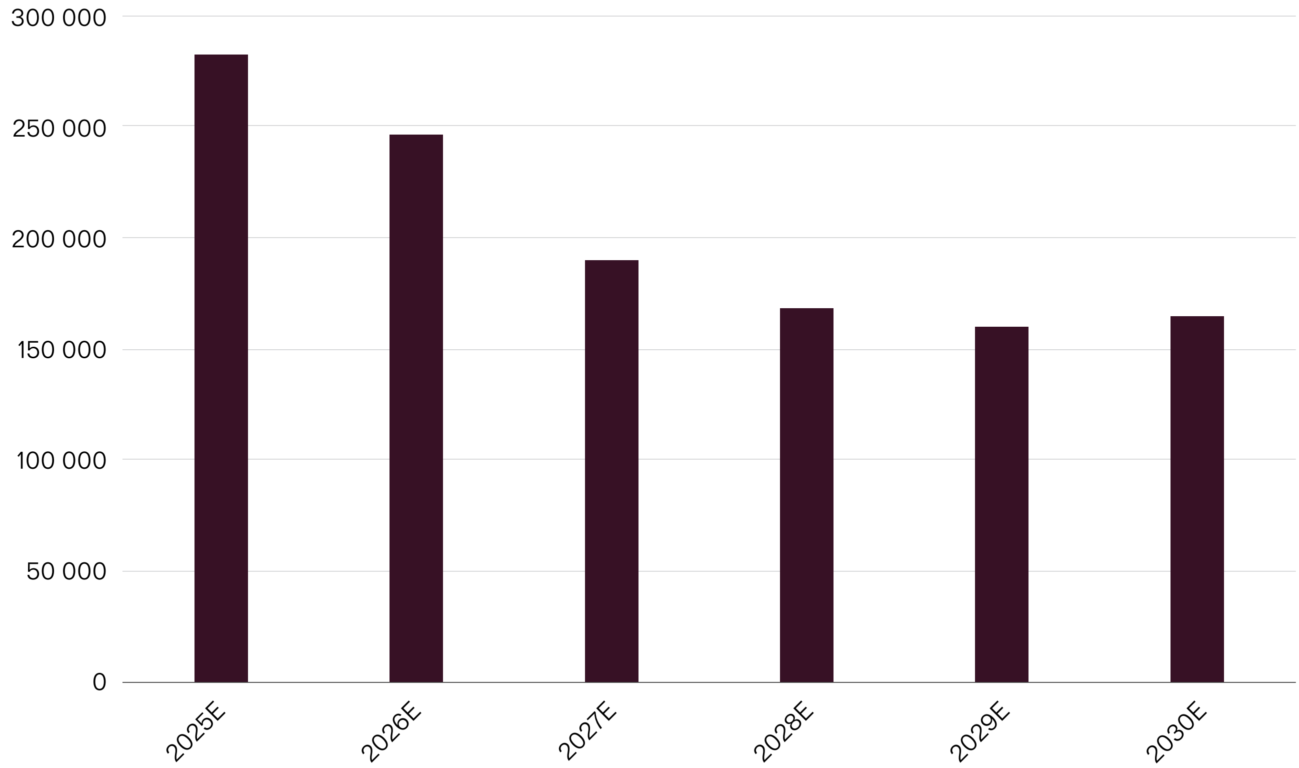
*As of 24 October 2024.

Source: NEMEET, Malling

Demand for Large Premises Expected to Gradually Decrease from 2025

The anticipated demand for office space exceeding 5 000 m² in Greater Oslo is projected to stay strong in the near future. Forecasts for 2025 and 2026 place this demand at around 246 000 m² and 190 000 m², respectively. These estimates are based on lease expiration data and lead time to market drawn from our lease search database. Here, demand refers to situations where tenants engage the market or approach their existing landlords to either renew a current lease or relocate. It is important to note that this demand usually arises prior to the expiration of their lease contract. Larger tenants, according to historical data, generally start their search at least two years or more ahead of their planned move-in date. Consequently, the significant demand for spaces above 5 000 m² projected for 2025 stems from a large volume of lease expirations in this size bracket, totalling approximately 460 100 m² over the next two years per Arealstatistikk data. This figure is notably higher than the average demand of approximately 243 000 m² projected for the 2025-2030 period. Following 2025, demand is expected to decrease by over 36 000 m² to 246 000 m² in 2026 and then further decline to 189 000 m², 168 000 m², and 160 000 m² in subsequent years. It's also essential to note that these numbers may shift as lease expiration dates adjust nearer to the target years.

Estimated aggregated demand from >5 000 m² tenants*



*Estimate based on historic search data (2019–2023) and known lease expiries.

Source: Arealstatistikk, Malling

«The significant demand for spaces above 5 000 m² projected for 2025 stems from a large volume of lease expirations in this size bracket, totalling approximately 460 100 m² over the next two years per Arealstatistikk data».

Construction Activity in Greater Oslo

Several Newbuild Projects Being Completed Within the Next Two Years

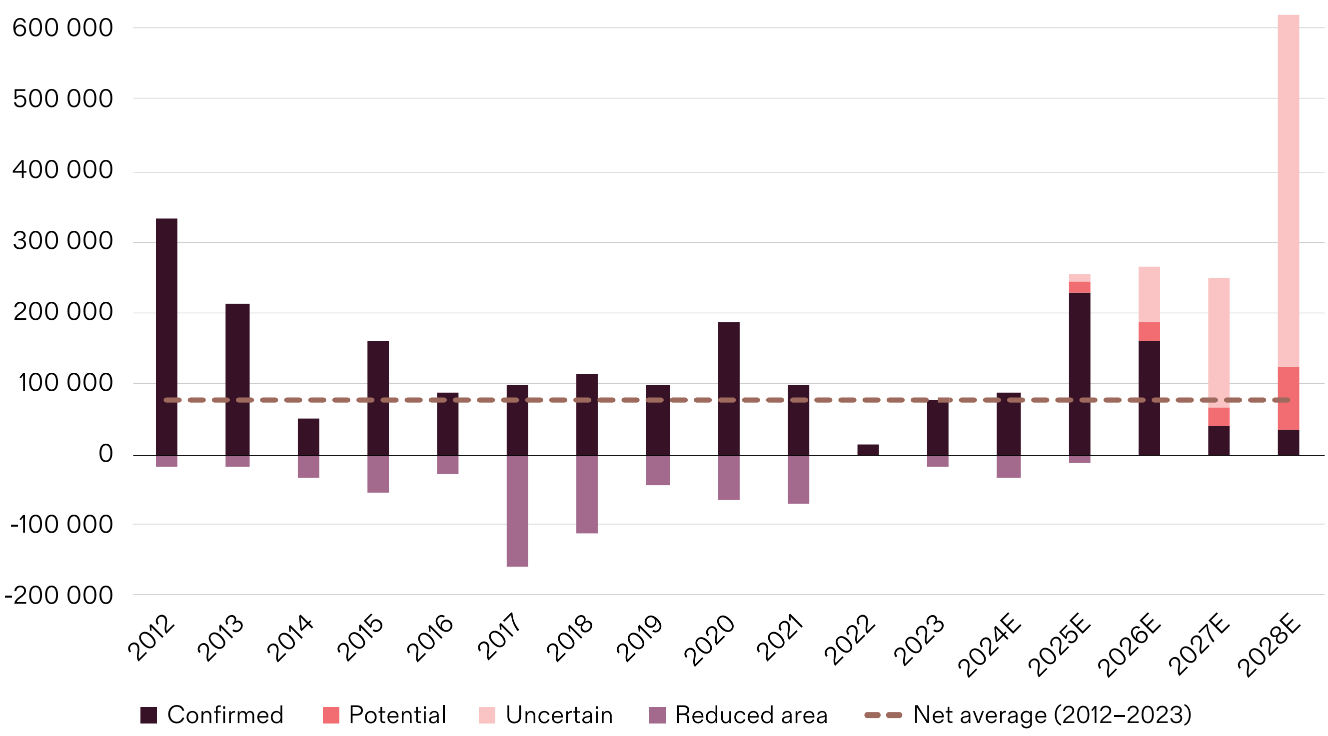
The office construction pipeline in the Greater Oslo area for 2025–2028 remains stable, with only minor changes since our last market report. The total construction volume is approximately 460 000 m^2 of confirmed new office space throughout the period, with 230 000 m^2 in 2025, 161 000 m^2 in 2026, 40 000 m^2 in 2027, and 33 000 m^2 in 2028. The significant increase in construction activity in 2025, with volumes exceeding 200 000 m^2, well above the 20-year average, is driven by a few very large projects. Apart from 2025 and 2026, the limited pipeline for new construction can be attributed to an uncertain market environment, characterized by rising interest rates and limited tenant demand for newly built projects. These factors, among others, have reduced the initiation of new building projects, shifting the focus toward value-add projects and refurbishments.

An Overview of New Construction in Greater Oslo

The commercial real estate construction volume in Greater Oslo has remained steady since our last market report, reflecting a period of limited activity. The net addition of new office space for 2024 is currently estimated at approximately 52 000 m^2, with a total of 85 500 m^2 in new space added and 33 500 m^2 removed due to demolition and conversion. Looking forward to 2025 and 2026, the confirmed construction volume has only seen minor adjustments, with estimates at roughly 230 000 m^2 and 160 000 m^2, respectively. These newbuild volumes are well above the 10-year net average of 75 000 m^2 for the period from 2012 to 2023. While the 2025 estimate remains unchanged, the 2026 forecast has been reduced by 20 000 m^2, largely due to increased project uncertainty and postponements, along with limited additions to the new volume.

Despite the substantial newbuild projections for 2025 and 2026, largely driven by a few key projects detailed in the section below, the initiation of new construction projects remains limited, with many developments being postponed or temporarily put on hold. This stagnation in the construction pipeline can be attributed to the previous surge in financing costs, which persist along with consistently high construction costs seen in recent years. As introduced in our last market report from May, the "Typical Project Asking Rents" column for each of the Greater Oslo clusters highlights the gap between the achievable rents for existing prime offices and the rental levels typically needed to justify new projects. This trend has become even more pronounced since its introduction, leading to upward adjustments in asking rents in several clusters.

Historical and estimated new office construction, conversion and demolition in Greater Oslo, total m^2 (GLA)



Project definitions: Confirmed volume includes all new constructions that are zoned and will be initiated either because they have secured a sufficient tenant base or because they will build on speculation. The potential volume includes all projects that are zoned and which we deem likely to be able to secure tenants. The uncertain volume includes all remaining projects in the pipeline, including projects that are currently in zoning or at planning/idea stage. These projects are therefore highly uncertain and subject to major change.

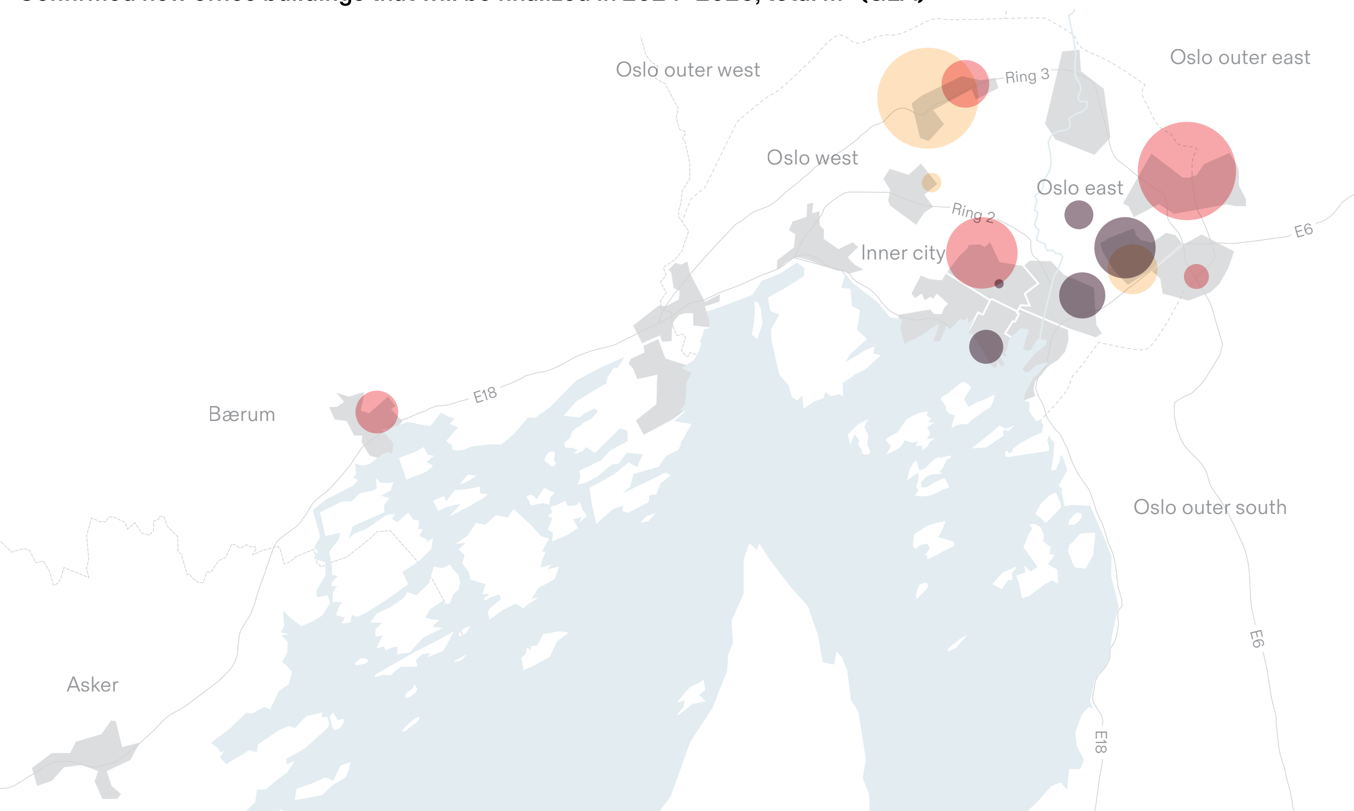
Source: PBE, Byggfakta, Malling

A selection of the largest confirmed projects

*Office space, rounded. Source: Malling

Address	Size*	Cluster	Project type	Completion	Developer
Stenersgata 1-3 A-F	17 200	Inner City	Rehabilitation	2024	Entra
Schweigaards gate 15	24 800	Inner City East	Rehabilitation	2024	Entra
Urtegata 9	21 300	Inner City East	Newbuild	2024	Eiendomsspar
Grenseveien 82	13 500	Helsfyr/Ensjø	Newbuild	2024	Bunde
Kirkegata 23-25	10 900	Kvadraturen	Newbuild	2024	AVA Eiendom
Innspurten 11-13	23 900	Helsfyr/Ensjø	Newbuild	2024	Union
Filipstad Brygge 1	16 900	CBD	Rehabilitation	2024	Storebrand
Brynsengfaret 6	15 200	Bryn	Rehabilitation	2024	Entra
Bygdøy Allé 2	12 000	CBD	Rehabilitation	2024	Norsk Hydro Pensjonskasse
Construction City	84 800	Økern	Newbuild	2025	OBOS, AF Gruppen, Betonmast
Hagaløkkveien 28	32 400	Asker	Rehabilitation	2025	Oslo Pensjonsforsikring
Regjeringskvartalet – Blokk D	32 100	Inner City	Newbuild	2025	Statsbygg
Dronning Eufemias gate 6 A	28 700	Bjørvika	Rehabilitation	2025	Watrium Eiendom
Regjeringskvartalet – Blokk A	18 800	Inner City	Newbuild	2025	Statsbygg
Sannergata 2-4	18 600	Outer Centre East	Rehabilitation	2025	Ragde Eiendom
Nils Hansens vei 27	13 600	Bryn	Addition	2025	Pecunia
Standardveien 2-4	11 000	Økern	Newbuild	2025	Veidekke, OBOS
Problemveien 25-29	70 200	Forskningsparken	Newbuild	2026	Statsbygg
Sognsveien 72	30 600	Forskningsparken	Newbuild	2026	NGI, Aspelin Ramm
Fredrik Selmers vei 2	23 900	Helsfyr/Ensjø	Newbuild	2026	Malling

Confirmed new office buildings that will be finalized in 2024–2026, total m² (GLA)



2024	2025	2026
●	●	●
8 % Vacant*	16 % Vacant*	16 % Vacant*

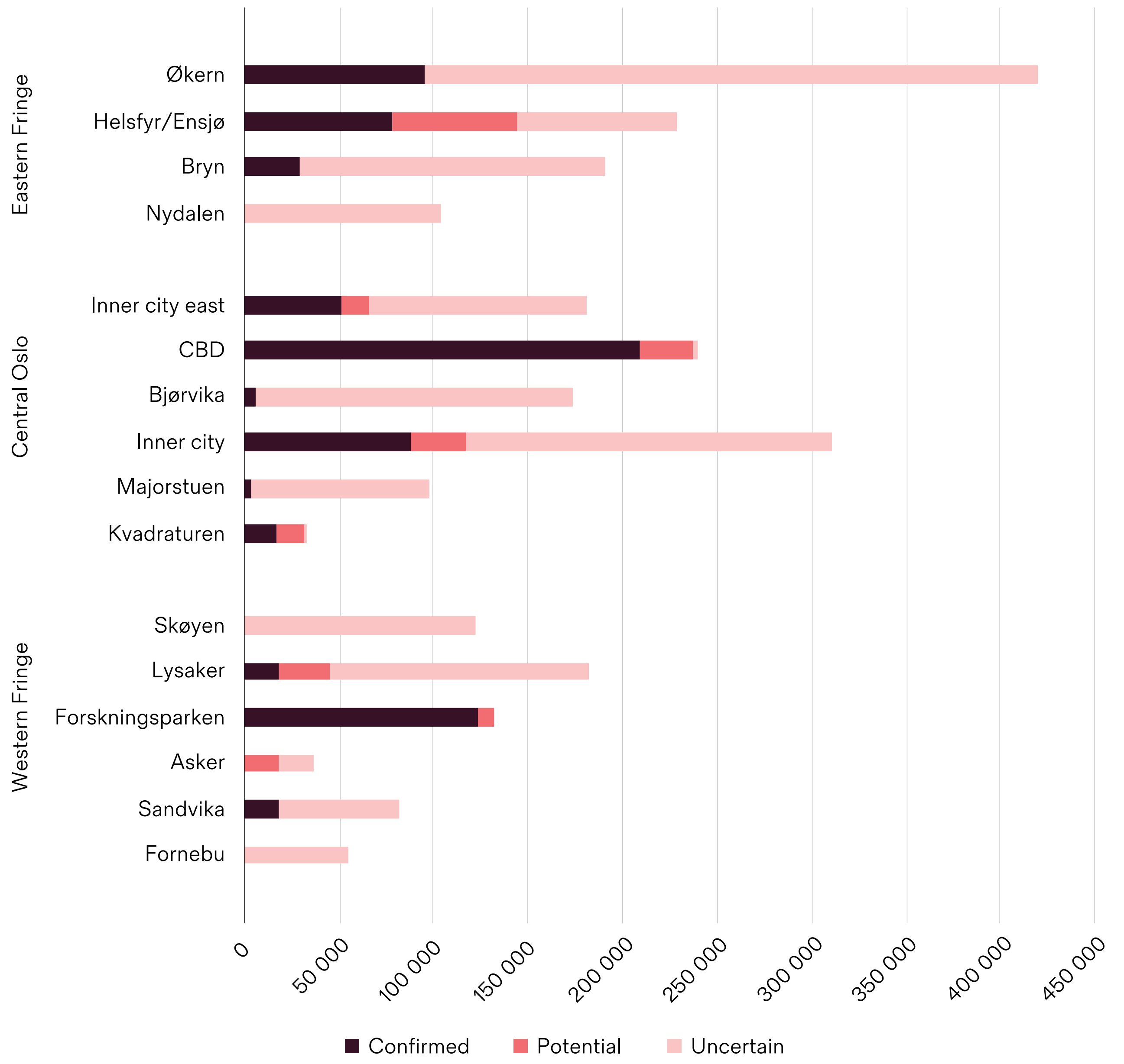
○ 15 000 m²

The size of the bubble represents the volume of new office buildings in each office cluster.

*Share of total yearly construction volume vacant.

Source: PBE, Byggfakta, Malling

Estimated new construction in Greater Oslo from 2024 split by cluster and status, total m² (GLA)



Source: PBE, Byggfakta, Malling

«The uncertainty regarding large projects in the eastern fringe zone and particularly Økern, is further increased by the fact that we have seen several new office buildings completed and Construction City set to be completed within 2025. Several of these projects are yet to be fully let, and at Construction City there is substantial vacant space, leading us to believe that the demand for new buildings in the area is modest».

Long-term Construction Activity

From 2024 onward, the full pipeline of new construction projects in Greater Oslo has the potential to add approximately 2.6 million m^2 of office space to be introduced to the market. This growth is primarily driven by major development areas, including Hovinbyen at Økern, Filipstad in the CBD, and Lysakerbyen at Lysaker. The distribution of this planned volume is fairly balanced between Central Oslo and the eastern and western fringe areas, though there are notable differences in the certainty of these projects moving forward.

Fringe Zone East: The eastern fringe zone faces the highest level of uncertainty in its project pipeline, with several major developments, including Økern Park, NRK Ensjø, and Økern Sentrum, each set to deliver over 50 000 m^2 of office space. However, many of the projects have been delayed or paused due to limited demand for office space and high rental rates. The uncertainty regarding these planned projects is further increased by the fact that we have seen several new office buildings completed and Construction City set to be completed within 2025. Several of these projects are yet to be fully let, and at Construction City there is substantial vacant space, leading us to believe that the demand for new buildings in the area is modest. Much of the uncertain office space is part of larger mixed-use developments, including residential and retail elements. The demand for new housing, along with zoning and planning timelines, contributes to this unpredictability. Nonetheless, both the the Norwegian central bank and Statistics Norway are now projecting an increase in demand for new housing. Further details are available in the residential section on page 70.

Central Oslo: The majority of confirmed office space development in Greater Oslo is concentrated in Central Oslo, largely driven by the planned Filipstad project, which could add 190 000 m^2 of office space. However, there is significant uncertainty about the timeline, with full completion unlikely before 2040. The first construction stage, Hans Jægers Kvartal, is expected to begin in 2028. Furthermore, the city council has approved a new high-rise building strategy, as previously highlighted in market reports. This strategy permits buildings up to 70 meters near public transit hubs and up to 125 meters at Oslo Central Station. Notably, buildings over 70 meters must adhere to a maximum footprint of 1 000 m^2, which may present commercial challenges. For viability, developers typically require at least 50 % of the space to be pre-leased. High-rise buildings generally span around 20 000 m^2, meaning an anchor tenant would need to commit to at least 10 000 m^2. In Oslo, there are fewer than 60 tenants of this size, and even fewer are likely to spread their space over multiple floors. As a result, we expect delays and fewer high-rise projects being completed than what is planned.

Fringe Zone West: In the western fringe zone, over 25 % of the planned office volumes are confirmed, while the remainder are either uncertain or potential. Uncertain projects account for more than 70 % of the total volume in Fringe Zone West, with significant ambiguity around developments in Lysaker and Skøyen. Similar to the eastern fringe zone, low office rental levels, combined with large project areas and zoning challenges, contribute to the prolonged uncertainty surrounding these projects. Several developments, particularly in Skøyen, are dependent on more certainty around the new area zoning plan, in addition to the completion of the Fornebubanen, as tunnel construction currently impacts some plots in the area. Additionally, many projects are on hold pending progress on Teleplanbyen and the E18 Vestkorridoren, which extends from Lysaker to Ramstadsletta. This new road is expected to improve accessibility to Fornebu, which could lead to higher office rents and the initiation of new projects on specific plots in Lysaker and Fornebu.

Office Vacancy

Continued Increased Vacancy, and Expectations of Flat Development in the Coming Years

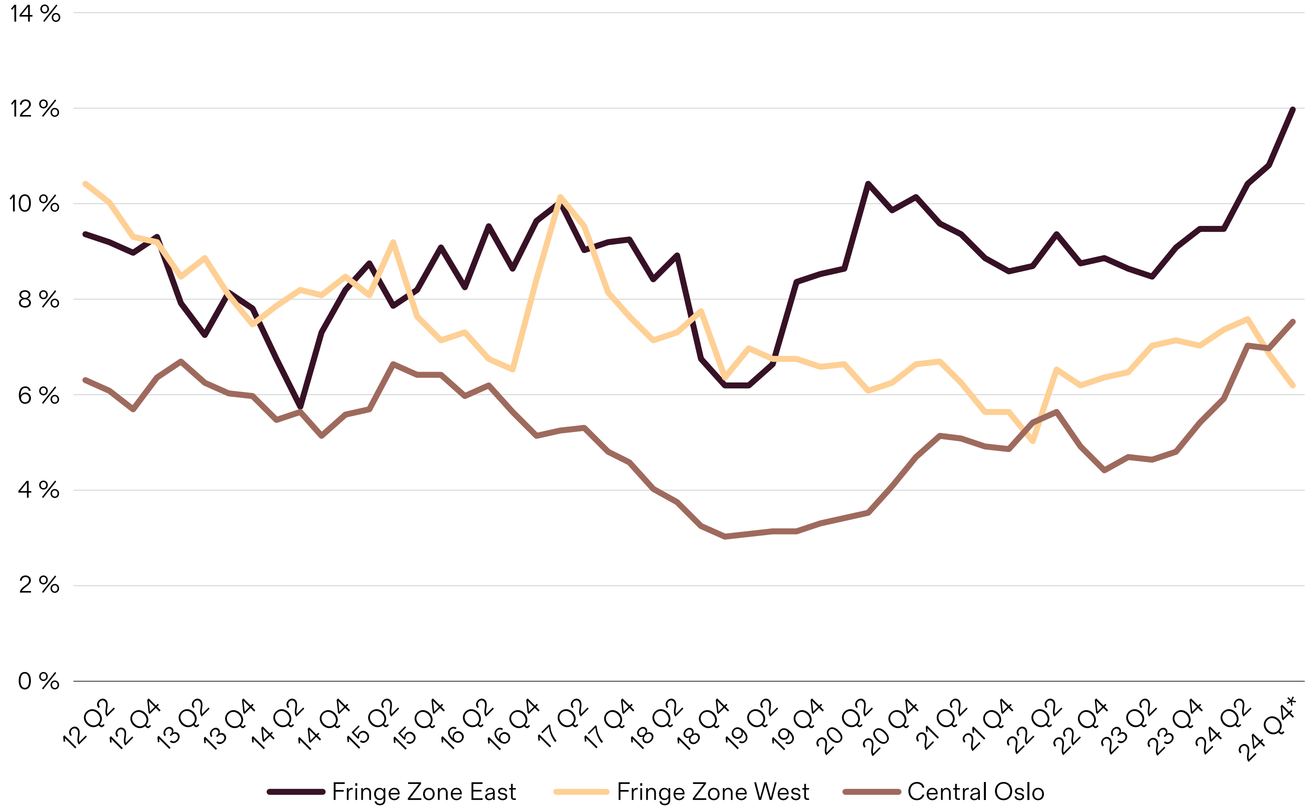
Over the past 18 months, vacancy rates in Greater Oslo have steadily risen, currently sitting at 8 %. While the last two quarters have shown a slight decline in the western fringe zone, this upward trend has been present across both Central Oslo and the surrounding fringe areas. The increase in the vacancy trend has persisted despite robust employment growth from 2021-2023 which has yet to be capitalized, coupled with relatively low construction volume. It is possible that the prevailing challenging economic conditions have compelled companies to implement cost-cutting measures, including the containment of rental costs. In light of these factors, we have revised our outlook to a neutral trend, with vacancy rates expected to remain near current levels for some time. We project a vacancy rate of approximately 7.8 % by early 2025, with a gradual decrease to around 7.5 % by 2027, followed by a more pronounced decline through 2027 and 2028. This forecast is primarily driven by anticipated employment growth and pent-up demand from previous periods of growth. However, the demand side of the vacancy estimate remains uncertain in both timing and scale.

Greater Oslo Office Vacancy to Top Out in 2025

The vacancy rate in Greater Oslo has continued to rise throughout the year, following an upward trend that began in Q4 2022, when the rate stood at 5.9 %. As of October 2024, the vacancy rate, as per our measure, has reached 8.0 % for Greater Oslo. However, there are significant disparities between areas, with the western fringe zone at 6.2 %, the eastern fringe at 12 %, and the city centre at 7.4 %. This upward trend has been consistent across all three areas from Q4 2022 until Q2 2024, though the western fringe zone has seen a 1.4 percentage point decline over the past two quarters. This decline in the western fringe is largely influenced by Fornebu, a cluster with primarily large office buildings, that has recently seen several large premises withdrawn from the market. The vacancy rate at Fornebu stands at 7.2 % as of October, down from 13.2 % in February. This is largely due to Snarøyeien 20 being withdrawn from the market after TietoEvry signed approximately 12 000 m^2. However, this lease agreement only counted for half of the advertised space, and therefore there is a potential for some hidden vacancy in the building. Moreover, 13 700 m^2 in “Equinorbygget” (Martin Linges vei 33) has also been withdrawn from the market. In the Central Oslo clusters, all areas have experienced a 12-month increase ranging from 1.2 to 2.7 percentage point, with Bjørvika showing the smallest increase and Kvadraturen the largest. Our previous report noted that shared office space providers often advertise entire premises to attract larger tenants, a trend that persists, although no provider has yet secured a large-scale tenant to fully occupy their space. For further details, please see our market report from the summer 2024.

«As of October 2024, the vacancy rate, as per our measure, has reached 8.0 % for Greater Oslo. However, there are significant disparities between areas, with the western fringe zone at 6.2 %, the eastern fringe at 12 %, and the city centre at 7.4 %».

Historical vacancy in Central Oslo, Eastern and Western fringe zones, %



How we measure vacancy and supply: When analysing the supply side of the rental market, we want to describe what is actually available for prospective tenants, not only vacant space. Therefore, we split the total amount of offered office space into two definitions: supply and total listing. Total listing includes all vacant space, regardless of delivery date, while vacancy comprises only existing space or new constructions available within 12 months from the date of measurement. In other words, we define total listing as all office space that is available in the market, including existing buildings and new constructions. Projects offered in specific processes to tenants looking for space, but which are not available on the online marketplace Finn.no, are not included in the figures. Normally, these projects end up at Finn.no in the end. This means that potential total listing is even higher than what is reported in these figures. Vacancy is however a more exact measure. Including a measure of available new office projects explains possible discrepancies in a simple supply/demand relation compared to only looking at rents and vacancy.

*As at October.

Source: Finn.no, Malling

Selected properties with ads affecting the vacancy as of October 2024

Adress	Cluster	Area (m^2)	Provider of shared office space
Snarøyveien 30	Fornebu	35 000	No
Ulvenveien 82	Økern	27 000	No
Innspurten 9	Helsfyr / Ensjø	8 300	No
Biskop Gunnerus gate 14	Inner City Centre	8 000	No
Kirkegata 20	Kvadraturen	7 200	No
Maridalsveien 323	Nydalen	7 000	No
Tollbugata 8	Kvadraturen	6 200	Yes
Apotekergata 10	Inner City Centre	6 100	Yes
Rolfsbuktveien 17	Fornebu	6 000	No

Source: Finn.no, Malling

Significant Growth in Advertised Premises Smaller Than 5 000 m²

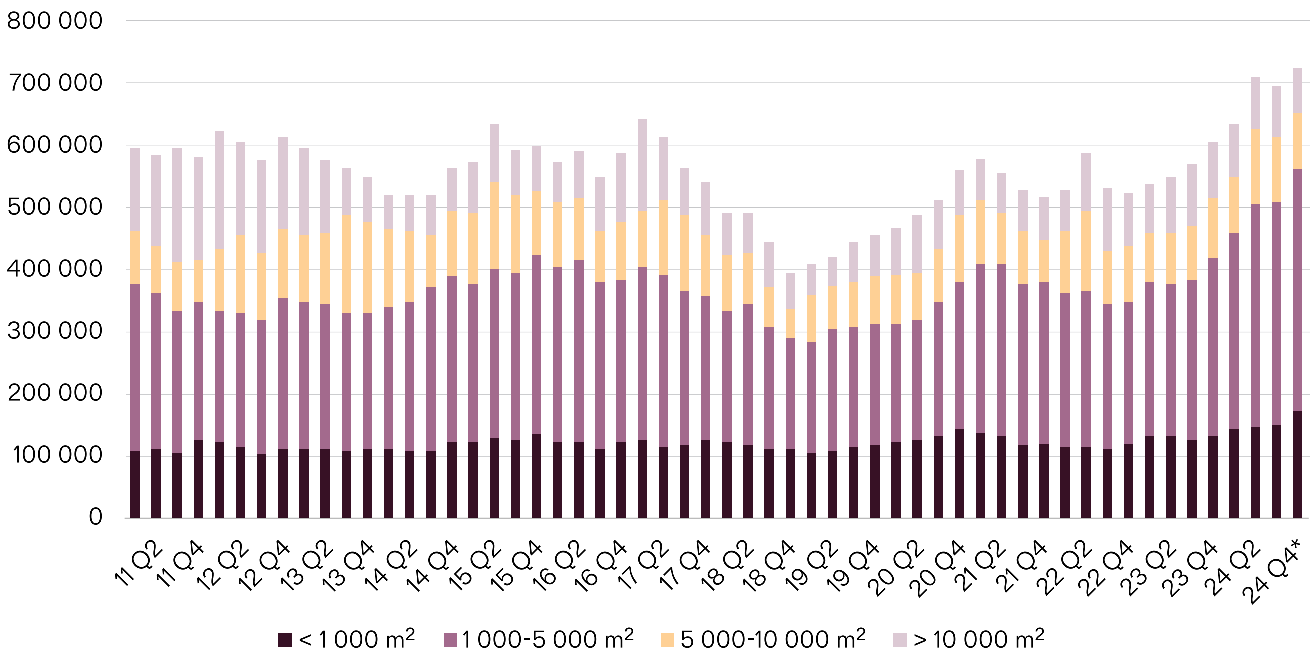
The vacancy rate in Greater Oslo has been steadily increasing, resulting in a notable rise in advertised space from 605 000 m² in Q4 2023 to 725 000 in Q4 2024, representing an increase of approximately 120 000 m². In particular, there has been a significant growth in advertising of premises ranging from 1 000 – 5 000 m², with an additional 102 000 m² advertised in the market, indicating a 36 % increase of this size segment. Similarly, the 0 – 1 000 m² segment experienced approximately the equivalent relative increase with 40 000 m² more being advertised in Q4 2024 compared to Q4 2023. On the contrary, the larger premises over 5 000 m² have seen a decrease, both for the 5 000- 10 000 m² segment as well as the 10 000 m² + segment where they have decreased by 8 % and 18 %, respectively. However, the numbers are relatively low with 7 300 m² decrease in 5 000 – 10 000 m² category, and 16 000 m² in the other. The fact that "bread & butter" space is getting more available is one of the key reasons behind our changed outlook on rents.

The confirmed project pipeline, detailed in the "Construction Activity in Greater Oslo" section, has several implications for vacancy rates. First, some spaces within these newly initiated projects remain unleased. Additionally, vacancies are impacted by the spaces left behind as tenants relocate. Among upcoming projects with vacant areas expected to complete in the next year, Construction City is a significant contributor, with 27 000 m² available and currently marketed. Furthermore, Grensen 17-19, a rehabilitation project in Central Oslo, is still seeking tenants, with 13 000 m² listed as available.

As several large tenants prepare to vacate their current locations, the availability of space is impacted to a certain degree as follows: OBOS is moving from Hammersborg torg 1-3, which is scheduled for rehabilitation. AF Gruppen is vacating Innspurten 15 at Helsfyr, with the building currently on the market and expected to be ready for occupancy in Q4 2025. Utenriksdepartementet is moving to the new governmental area, while their current location at Victoria Terrasse is planned for sale and anticipated to undergo extensive rehabilitation and development. Statens Vegvesen is leaving Brynsengfaret 6, which is presently being rehabilitated; only 1 800 m² of advertised space remains following a substantial lease agreement signed by Vann- og Avløpsetaten. Lastly, Landbruksdirektoratet, also relocating to Valle Vision, is vacating Stortingsgata 28, where 2 600 m² of space remains available as the building undergoes rehabilitation.

Our report distinguishes between two terms: "vacancy", referring to available space within the next 12 months, and "total listing", encircling all advertised space, including what is available 12 months from now. As of October 2024, the vacancy in Greater Oslo is measured at 725 000 m², while total listing is at 814 000 m². In recent years we have observed a trend which is the gradual narrowing of the gap between vacancy and total listing. In our last report, we noted that the gap had stabilized and remained at approximately the same level for the past six months, at a 0.8 percentage point difference. Since then, we have seen a slight uptick to over 1 percentage point which is still fairly low. For comparison, we have seen levels over 3.5 percentage points in the first half of 2021 an in 2016. This indicates that there is not as much volume being advertised far in advance as previously, a trend attributed to low levels of new build and rehabilitation projects advertised. To avoid speculative construction, large newbuild projects are typically being advertised further in advance. Increased construction costs, more expensive financing with higher exit yields and exhausting zoning processes, have all had a negative effect on the go-to-market strategy for new projects in the pipeline.

Vacant office space split by size interval, total m²



*As of October.

Source: Finn.no, Malling

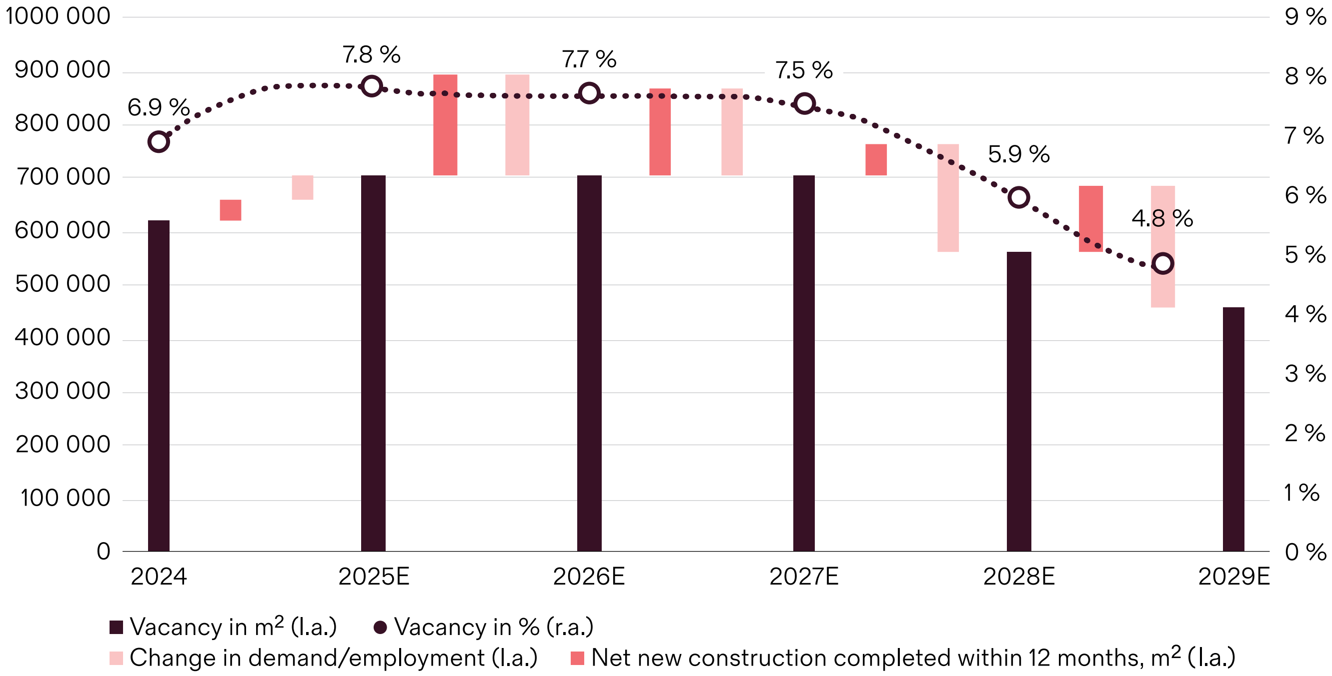
Vacancy Expected to Remain Flat the Next Two Years Before Decreasing

The upward trend in vacancy rates has been noticeable for a while, despite our anticipation in our last two market reports that this trend would turn into a declining vacancy. In our last market report, we recalibrated our office demand model by aligning the demand side with historical employment growth figures. Prior to this adjustment, our outlook was that vacancy rates would drop, driven by the robust employment growth from 2021 to 2023. However, upon analysing the vacancy trend, we found that space demand has been weaker than employment growth would imply. The consequence is either a permanent shift in office use per employee, or a gradual return to a mean office take up over time. Our updated model is based on a reduced need for space per employee, but still far higher than we have seen from estimated take-up and employment growth over the past few years. Please see our market report from summer 2024 for a further explanation of the model and the changes applied to it.

Going forward, we have updated the figures for the vacancy and revised our view on how fast we anticipate returning to a normal take-up rate. We now predict a flat development for the next couple of years, before declining in 2028. Estimated pent-up demand is now adjusted to be distributed across the next 7 years starting from mid-2025, as opposed to 5 years in our last market report. This revision is based on recent leasing processes and discussions with our agents meeting tenants every day with their decisions. Tenants who have the option to extend their current lease despite previous growth and a current tight fit, tend to renegotiate due to the high cost of moving and uncertainty about future needs with a sluggish employment growth for the private sector in Oslo. With extension options usually for five new years, it may take longer for the pent-up demand to materialize and all these extended contracts to expire. We believe market sentiment and growth is needed for the tenants to pull the trigger. While the Norwegian central bank has revised its forecast on national employment, the lagging of Oslo relative to other cities has become evident. These factors result in an anticipated demand for office space averaging approximately 180 000 m^2 annually from 2025 to 2027. However, the relatively high construction volumes expected in 2025 and 2026 are expected to offset this increase in demand in the short term, keeping the vacancy rate around 7.5 % until 2027. Beyond that, confirmed new construction is currently low relative to the anticipated demand, hence our model predicts a decline in vacancy rates through 2027 and 2028. The pace of this vacancy decline may slow, if the volume of confirmed net new construction is increasing. If the demand side comes in stronger than modelled, vacancy will decrease faster with a relatively long lag on the supply side.

Our vacancy forecast remains uncertain, as we observe that the demand and supply sides are influenced by interconnected factors. Additionally, assumptions around the absorption of office space per new employee involve some ambiguity, whether we are in a new phase of tighter office spaces for employees, or if the pent-up demand will eventually materialize as lease agreements expire, leading tenants to reassess their needs. Our modelled approach does not encompass all variables that can influence timing of changes related to employment-driven demand, and new construction and pipeline is constantly changing. This makes it difficult to predict without a significant uncertainty.

Estimated vacancy trend in Greater Oslo, year start



Source: Finn.no, the Norwegian Central Bank, SSB, Malling

Industrial & Logistics

Industrial CRE Market Stabilizes Amid Cooling Demand From Cost Aware Tenants

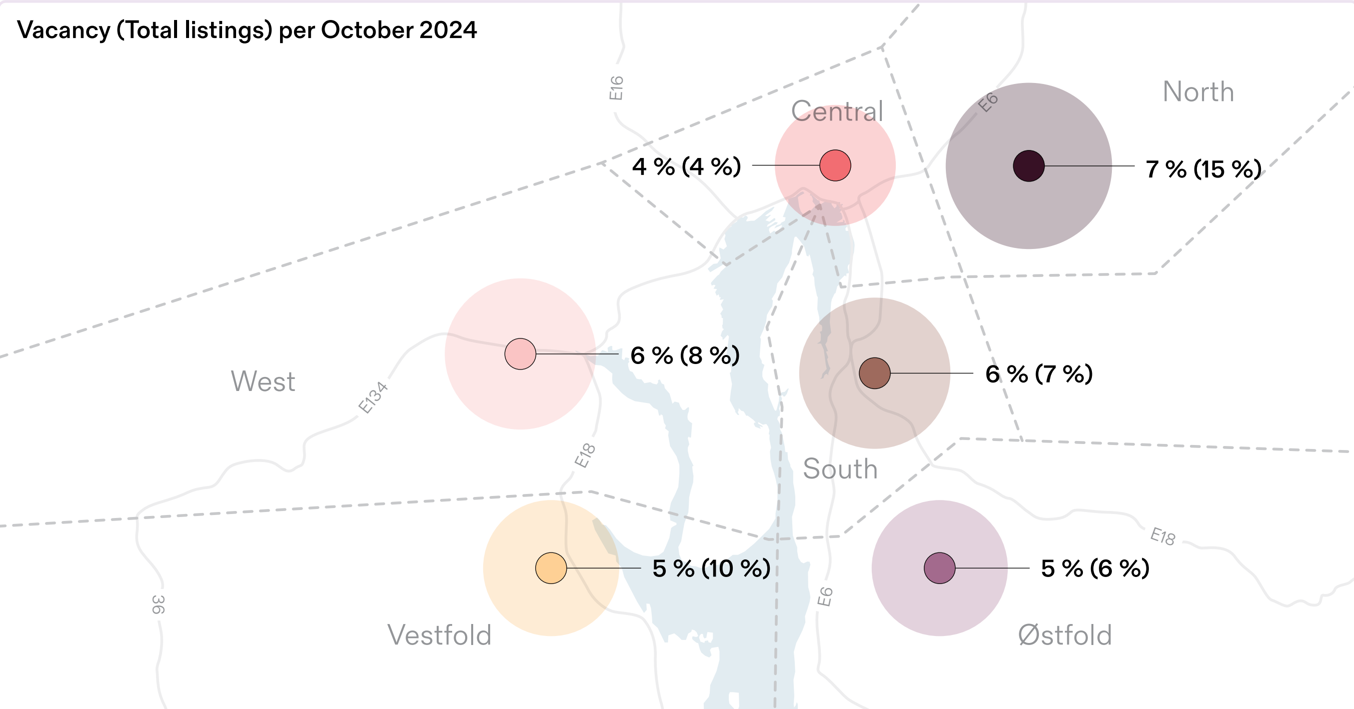
The industrial commercial real estate market in Eastern Norway is now showing initial signs of softening due to reduced tenant demand. Vacancy rates, which had been rising over the past two years, appear to have stabilized. In central Oslo, last-mile logistics properties maintain lower vacancy and stronger demand, supporting higher rental levels in these areas. However, further from the centre, rental rates in several clusters have been adjusted downward from the peak levels that high demand during the pandemic once drove. Confirmed new development volume in the pipeline remains limited, and significant increases are not anticipated due to high construction costs and reduced demand. Investor interest has been robust, with logistics properties now representing 28 % of Norway's commercial real estate transaction market, narrowing the gap with office properties as the largest sector. However, with continued interest rate pressure, further expansion of this share may be challenging, and expectations for lower yield levels have been deferred to a later timeline.

Vacancy Levels Have Plateaued Following a Two-year Period of Increases

The industrial vacancy rate in Eastern Norway was measured at 5.3 % in October 2024. The trend has remained stable since the last market report in April 2024, when the vacancy rate was recorded at 5.4 %. Central "last-mile" logistics properties in Oslo continue to report lower vacancy rates at 3.9 %, compared to other areas of big box storage. However, there have been minimal notable changes in vacancy rates across different regions compared to the previous six-month period. For example, vacancy rates in Oslo South decreased by 1.1 percentage points, reaching 6.0 % in October 2024, while in Vestfold, the rate rose by 1.6 percentage points to 4.9 %, a level that in relative terms is still reasonably low. The six-month vacancy rate changes in other areas have generally remained within a one percentage point margin.

In a longer-term perspective, vacancy levels have plateaued following a two-year period of increases. Reportedly, the quality of buildings available varies, with some properties facing leasing challenges due to specific characteristics making them less attractive, while other higher-quality buildings have yet to secure the right tenants. We anticipate vacancy rates will remain relatively stable moving forward. There is also an increase in renegotiations, leading to significant leasing activity that remains unlisted and, therefore, is not reflected in vacancy statistics. Further on, with subdued demand, there is limited new construction activity expected in the near future. This is partially reflected in the "total listings" rate, which remained stable, moving only slightly from 8.2 % in April 2024 to 8.3 % in October 2024.

Vacancy (Total listings) per October 2024



North, Central, West, South, Vestfold, Østfold	Total vacancy = 5.3 %	Total listings = 8.3 %

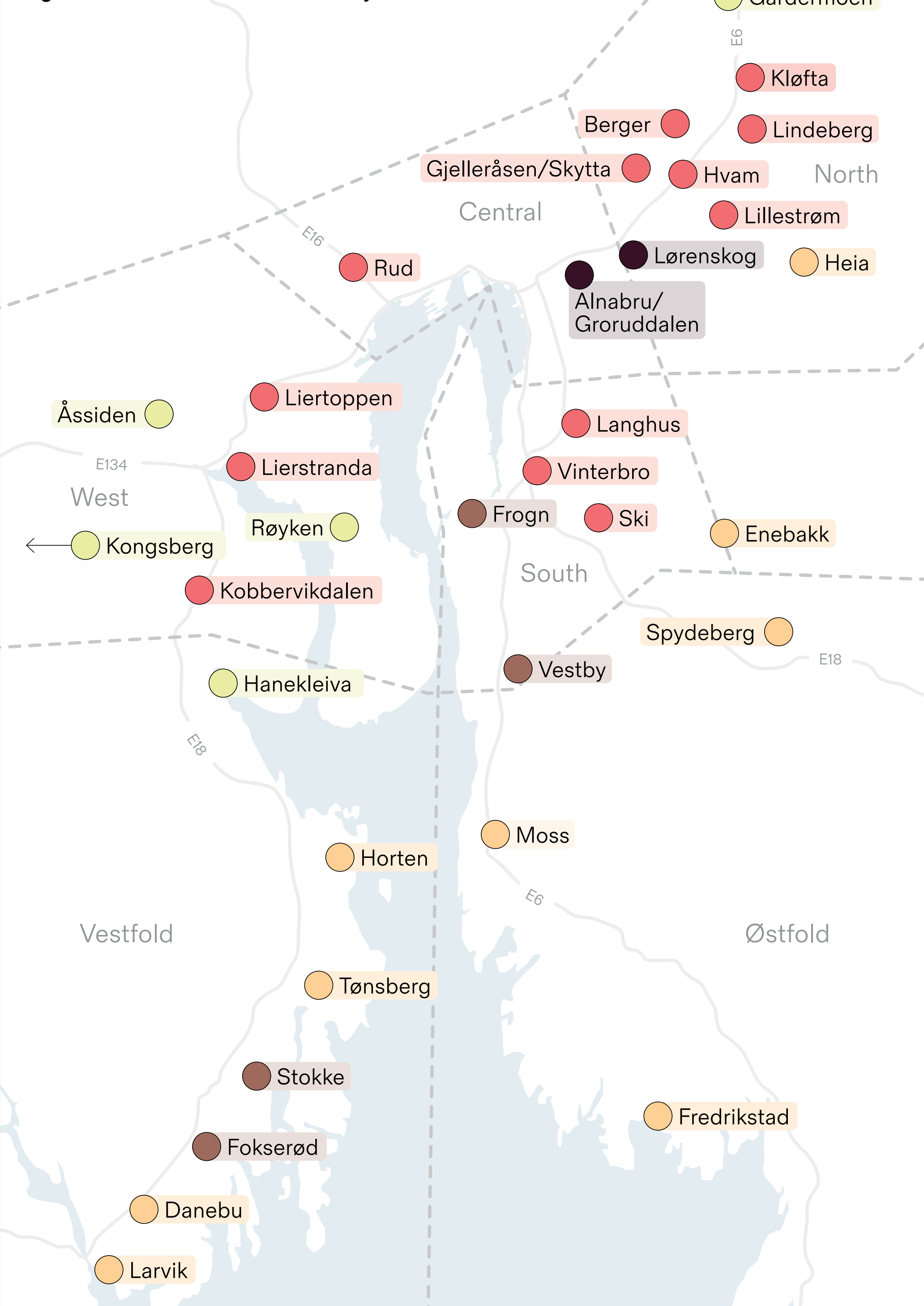
Mapping of the Eastern Norway logistics market: Our extensive mapping of the logistics market in Eastern Norway is an expansion on the Greater Oslo mapping we previously performed. Our extension of the database of all the logistics clusters and large stand-alone properties thus continues to be refined and developed, and we are utilising our findings to provide an answer as to the future development for logistics. The estimated total stock of warehouses and logistics properties in our defined areas comprises 12.7 million m^2 gross lettable area (GLA), with a total identified lot size of 25.9 million m^2.

Source: Finn.no, Malling

Tenant Power Grows in Moderated Rental Market

The rental market has slowed, shifting to a tenant's market as demand softens, affecting rent levels accordingly. In the last-mile segment near central Oslo, rental rates remain stable, with top rents at 2 000 NOK/m²/year in Alnabru/Groruddalen, excluding specific adaptations that could influence price. This segment extends to Lørenskog and Rud, where rents are also flat. In Oslo North logistics clusters, rents have decreased by 50 NOK/m²/year, with exceptions in Kløfta and Gjelleråsen/Skytta. Cost-conscious tenants are negotiating more effectively across areas. Rents in Oslo South and Østfold have dropped by 100 NOK/m²/year, while the Drammen area remains stable with stronger demand. In Vestfold, previous rental levels have proven harder to reach, with rates adjusted down by 50 NOK/m²/year.

Logistics clusters in eastern Norway



Indicative rents industrial logistics (NOK/m²/yr)

Ceiling 4-6 metres (heated, high standard)
1 650 – 2 000
1 200 – 1 500
1 000 – 1 300
800 – 1 050
700 – 950

Ceiling >6 metres (heated, high standard)
1 650 – 2 000
1 300 – 1 600
1 100 – 1 400
900 – 1 150
800 – 1 050

Typical project asking rent
2 200 – 2 450
1 600 – 1 800
1 400 – 1 700
1 400 – 1 500
1 200 – 1 400

Market rent: Indicates the amount for which a vacant property may be let, or re-let when the existing lease terminates, for a standard logistics building with no extra investments in equipment or custom fit-out. Market rent is not a suitable basis for the amount of rent payable under a new construction where the definitions and assumptions specified in the lease have to be used to derive at a rent that satisfies the required return for a developer to realize a project. Source: Malling

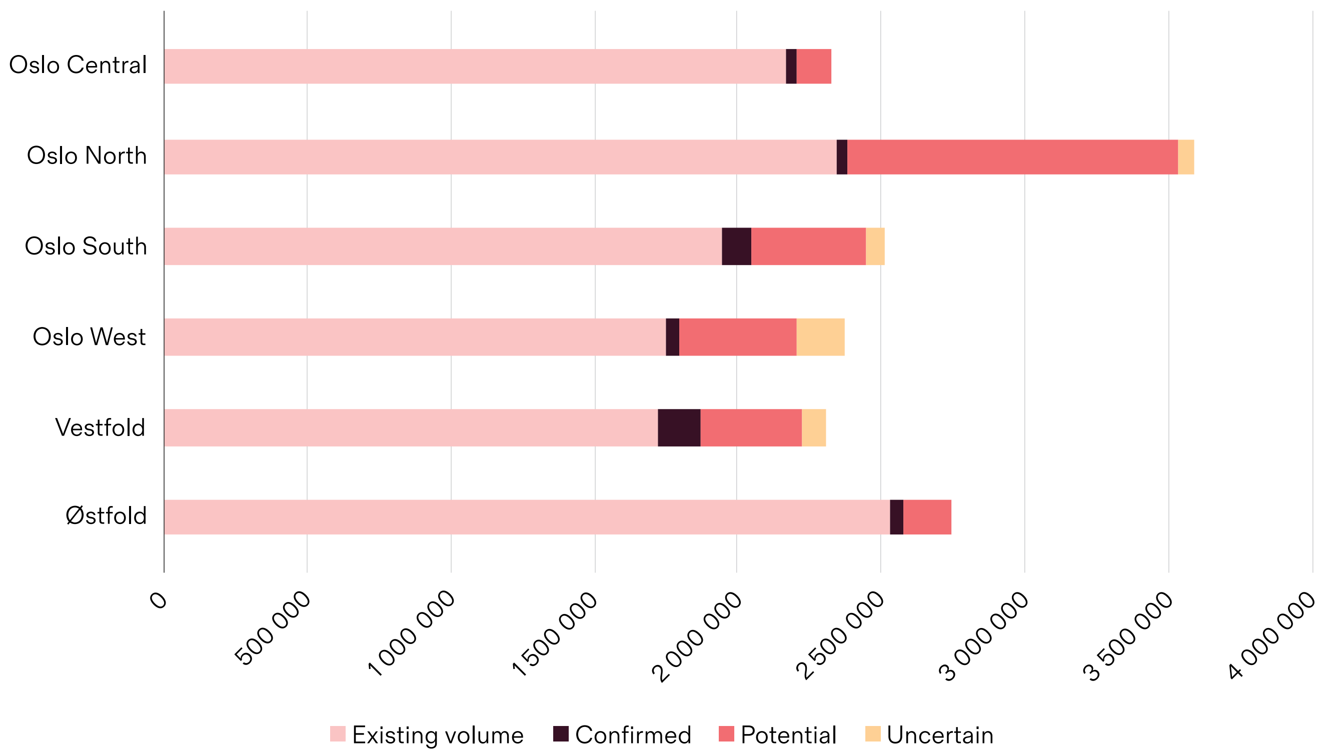
Only 425 000 m² of Confirmed New Development

In a market historically characterised by limited new construction, grand-scale, high-quality logistics buildings have been erected in the Greater Oslo area in recent years. The upcoming supply side cannot be considered extensive, with approximately 425 000 m² of confirmed new development space in Eastern Norway. The largest share of this is found in Vestfold, primarily due to the ongoing development of the Kopstad Freight Terminal. Additionally, about 100 000 m² of new construction is confirmed in Oslo South, where developments are progressing rapidly in Vestby and Frogn. In other areas, the pipeline includes between 40 000 and 50 000 m², indicating that construction has not come to a complete halt, even with high construction costs and a somewhat subdued rental market.

Looking further ahead, there are large land reserves available. In Eastern Norway alone, nearly 3 million m² of developable land has been identified. These lands, which are already zoned for development, include areas such as Gardermoen, Fiskumparken, Danebu and Enebakk. Particularly along the Oslo North corridor, vast plots are available at Gardermoen, ready for development should suitable tenants be identified. Additionally, we have identified 370 000 m² of land owned by logistics developers, though this land has yet to be zoned or prepared for construction.

Given this theoretical supply, there is substantial potential on the newbuild side. However, new developments are limited, and with signs of a cooling market, we do not expect construction activity to increase significantly in the short term. That said, certain factors could trigger new development, such as consolidation projects or cases where larger companies separate warehousing functions and relocate office spaces closer to central areas. In these cases, rental levels would need to be competitive enough to make new construction an attractive option over existing buildings, and we have seen examples of this occurring at sites well outside central Oslo.

Industrial construction volume 2024-, m² per region, by probability of completion



Source: Matrikkelen, Byggfakta, Malling

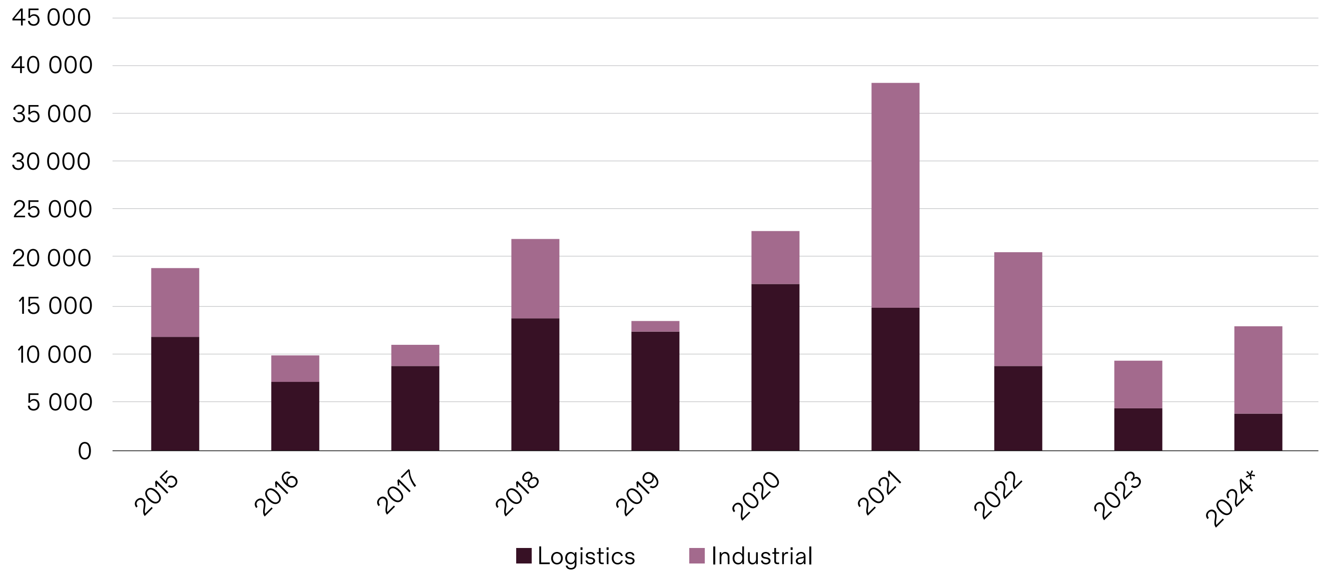
«That said, certain factors could trigger new development, such as consolidation projects or cases where larger companies separate warehousing functions and relocate office spaces closer to central areas».

Industrial Transaction Volume Well Beyond 2023 Volume

Industrial transactions recorded so far this year amount to NOK 12.7 billion, spread across 34 transactions. This volume already surpasses last year's total, indicating that industrial real estate has been attractive despite high interest rates. This argument is further supported by the fact that the industrial segment accounts for 28 % of the total transaction volume year-to-date. The average transaction size stands at NOK 375 million, higher than in previous years, reflecting several large transactions that have driven up the volume.

The industrial transaction volume breaks down as follows: approximately NOK 3.7 billion is allocated to warehouse/logistics properties, while the largest share, NOK 8.5 billion, is attributed to mixed-use properties, driven by large portfolio transactions. Production-related transactions account for a smaller share, totaling NOK 553 million. A significant portion of these industrial deals involves properties near Oslo, particularly in the last-mile logistics segment, which commands the highest rental rates and attracts investors seeking cash flow growth. The limited availability of prime plots in this category supports expectations that rental rates will remain high due to sustained strong demand.

Transaction volume development in NOK million (transactions larger than NOK 50 million)



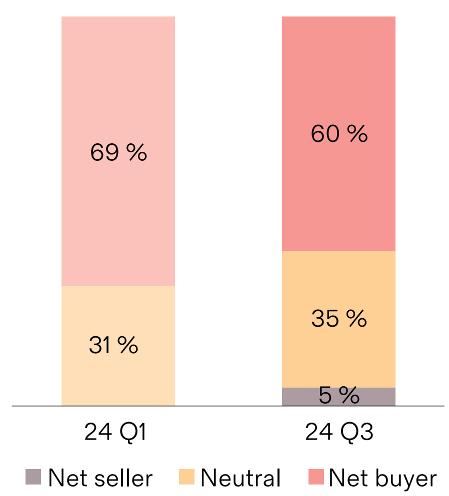
*As of 24 October.

Source: Malling

60 % Net Buyers of Logistics Properties

Results from the Q3 2024 Investor Yield and Sentiment Survey show a predominance of net buyers, accounting for an average of 60 % of responses. This net buyer share has decreased from 69 % recorded in Q1 2024, indicating a slightly higher proportion of neutral investors. Additionally, for the first time in a year, there are net sellers of warehouse/logistics properties. Although they represent only 5 % of the responses, this could signal a potential shift in a logistics segment that has been highly prioritized by investors. While it is too early to conclude definitively, the underlying market appears less robust in a softening rental market compared to the growth observed in the logistics sector over the past two years. It is also worth noting that buyer exposure decreases to 45 % of responses when excluding input from syndicators.

Desired exposure towards logistics properties next 12 months



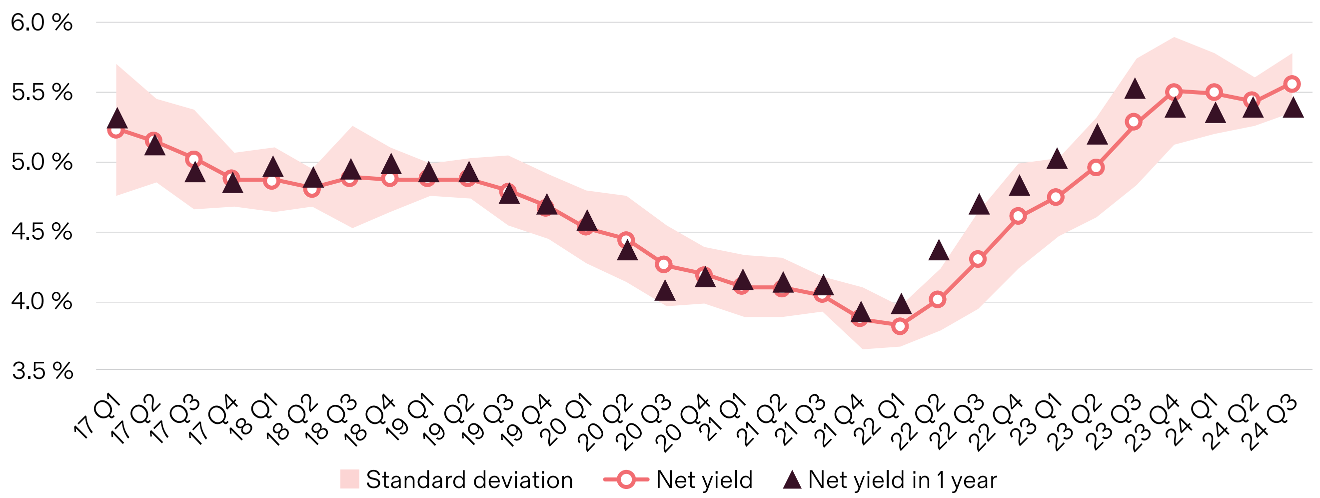
Source: Malling Investor Yield and Sentiment Survey

Yield Decline Expectations Shift Amid Persistent High Interest Rates

In a transaction market that has been contending with high interest rates for some time, expectations for a yield decrease within 2024 have been present. According to investors in our yield and sentiment survey, these expectations shifted in Q3 2024, with the average prime yield measured at 5.55 %, up from 5.45 % in Q2 2024. Despite long-term rates rising by approximately 50 bps since the investor survey at the end of September, we maintain a house view of a 5.55 % prime yield. However, the anticipated timeline for a yield decline has been pushed further out, although we, alongside the average investor outlook, still project a yield estimate of 5.40 % one year from now.

Normal logistics yields have followed a similar trend to prime yields in our investor survey, increasing by 0-15 bps from Q2 2024 to Q3 2024 depending on geographical location, after three relatively stable quarters from Q4 2023 to Q2 2024. Investors surveyed expect normal yields to be approximately 15 bps lower than today's levels in 12 months. Prime last-mile logistics was measured at an average of 5.55 %, aligning with prime large-scale logistics and eliminating this differential. The fact that both subsegments are priced similarly may suggest that interest rates are the predominant driver of yield levels, rather than location-specific characteristics or delivery requirements.

Prime logistics yield, Berger

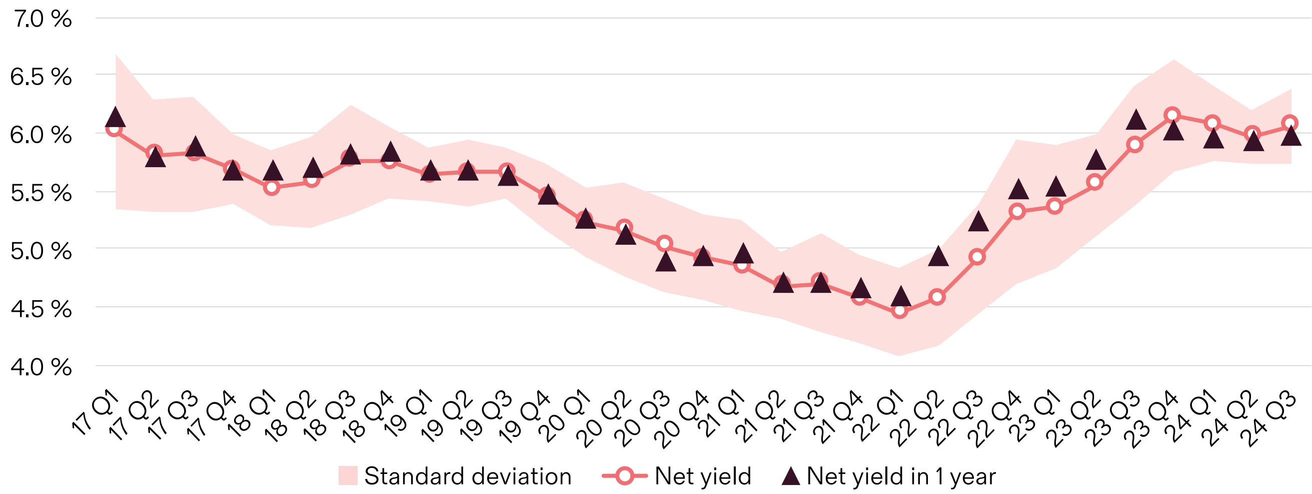


Net yields on market rent.

Source: Malling Investor Yield & Sentiment Survey

«Despite long-term rates rising by approximately 50 bps since the investor survey at the end of September, we maintain a house view of a 5.55 % prime yield».

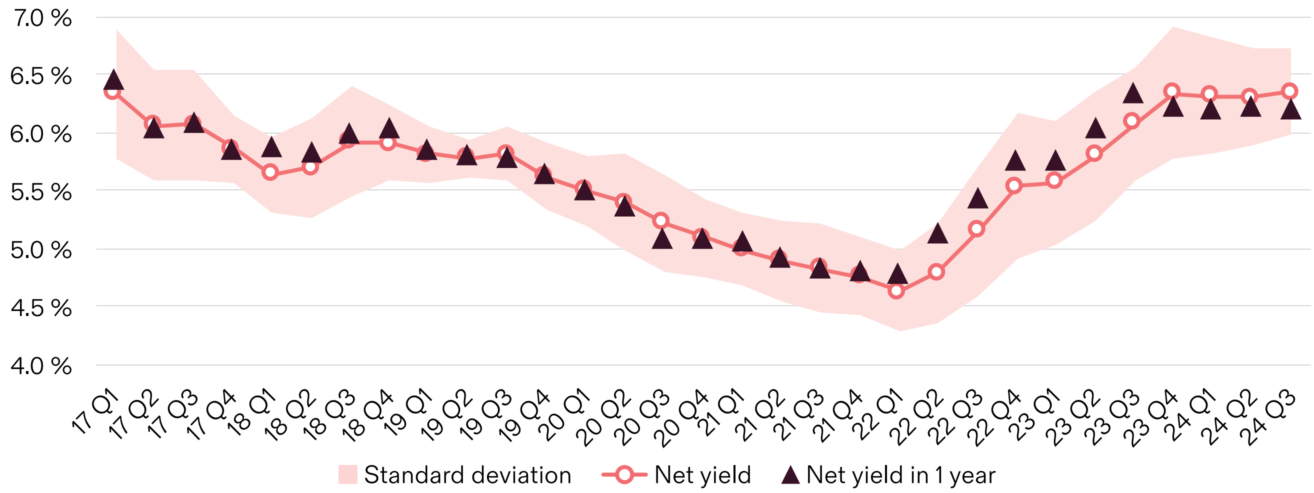
Normal yield, Kløfta



Net yields on market rent.

Source: Malling Investor Yield & Sentiment Survey

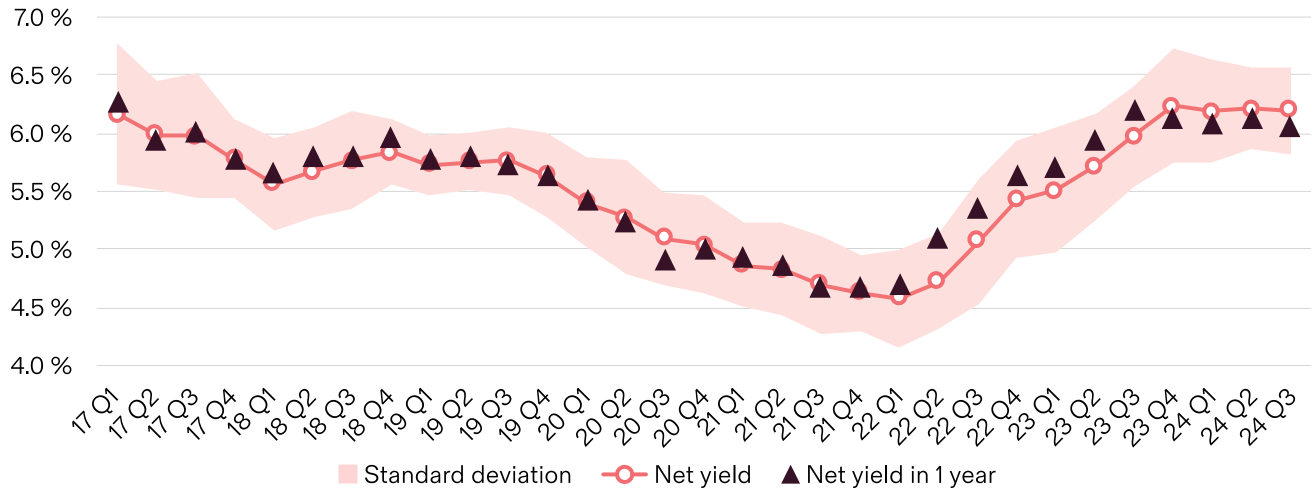
Normal yield, Lier



Net yields on market rent.

Source: Malling Investor Yield & Sentiment Survey

Normal yield, Vestby



Net yields on market rent.

Source: Malling Investor Yield & Sentiment Survey

Project Thunderbird









Malling & Co Property Partners has acquired Project Thunderbird on behalf of its new fund, Malling Value Add II. The portfolio consists of 15 properties in greater Oslo, combining long-term stable cash flow with significant value add potential.

Fossumveien 68, Oslo

Malling & Co Næringsmegling has assisted Løvenskiold Eiendom with letting 2 500 m^2 warehouse space to Mitt Dekkhotell.

Retail

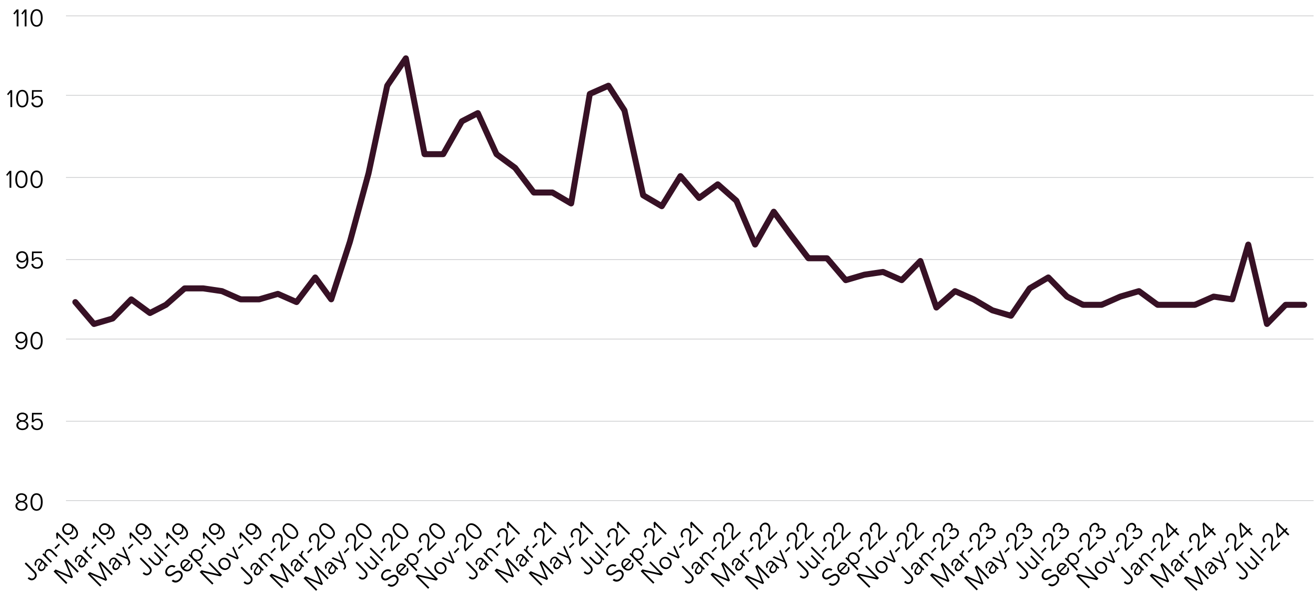
Retail Market Shows Resilience Amid Economic Pressures

The Oslo high street retail market has demonstrated significant resilience in 2024, with high demand for prime spaces, especially in Oslo's city centre. Leasing activity has seen a substantial increase, primarily driven by the beauty and textile sectors, with our brokers facilitating more than three times the number of lease agreements so far this year compared to all of 2023. Central areas like Karl Johan and Bogstadveien have experienced slight rent increases, highlighting their enduring attraction. Conversely, the food and beverage sector is encountering challenges, with high interest rates reducing consumer spending and driving a rise in bankruptcies in Oslo, now averaging almost 50 % higher than pre-pandemic levels. Despite these challenges, investor sentiment toward retail property is positive, with 30 % of surveyed investors planning to be net buyers in Q3 2024. Yields have stabilized at 5.25 % for prime properties and 6.20 % for normal high street properties, with an anticipated decline of 10-15 bps as interest rates ease. The outlook for the retail market remains positive, with purchasing power anticipated to grow, supported by real wage growth, lower inflation, and an expected future decline in policy rates.

Steady Consumer Demand Fuels Retail Growth with Increased Leasing Activity in Prime Locations

The Norwegian retail market has experienced notable shifts in 2024, with the retail trade volume index showing significant fluctuations. May witnessed a surge in retail activity driven by strong performances in grocery and clothing sectors, with clothing sales increasing by 15.3 % year-over-year. However, this peak was partly influenced by seasonal adjustments. June corrected to more typical levels, and the index has since remained stable at pre-pandemic levels. Overall, the volume index is now at levels seen early 2019, in fact indicating a decline in per capita goods consumption as the population has grown by more than 4 % over the period. High demand for prime retail spaces persists, particularly in Oslo's city centre, with beauty and textile sectors actively seeking locations. Brands like BliVakker and Beauty Mall are expanding their physical presence, indicative of the sector's robust growth. Our letting agents have facilitated 31 lease agreements so far this year—more than triple the nine agreements completed in 2023. Although demand remains strong, especially in central locations, some retailers are consolidating, with a few retracting from physical stores.

Retail trade (excl.motor vehicles and motorcycles) in Norway, volume index seasonally adjusted (2021=100)



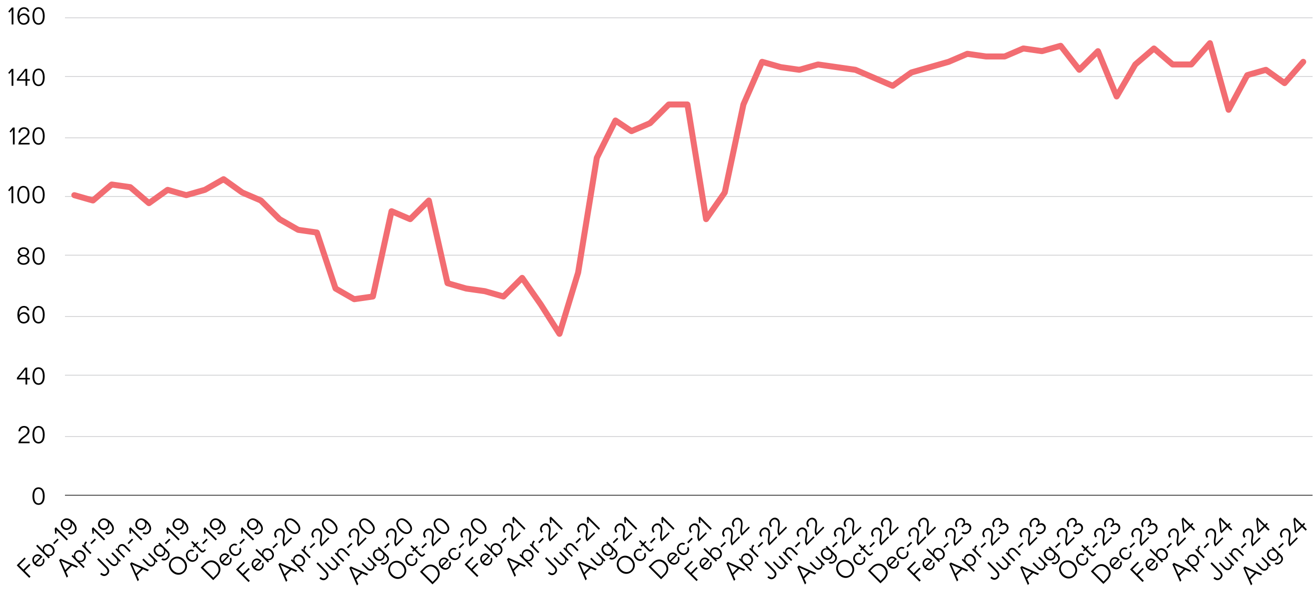
Source: Statistics Norway

«Our letting agents have facilitated 31 lease agreements so far this year—more than triple the nine agreements in 2023—highlighting strong demand for prime retail spaces in Oslo's city centre».

High Interest Rates Challenge F&B Sector, but Future Optimism Remains Strong

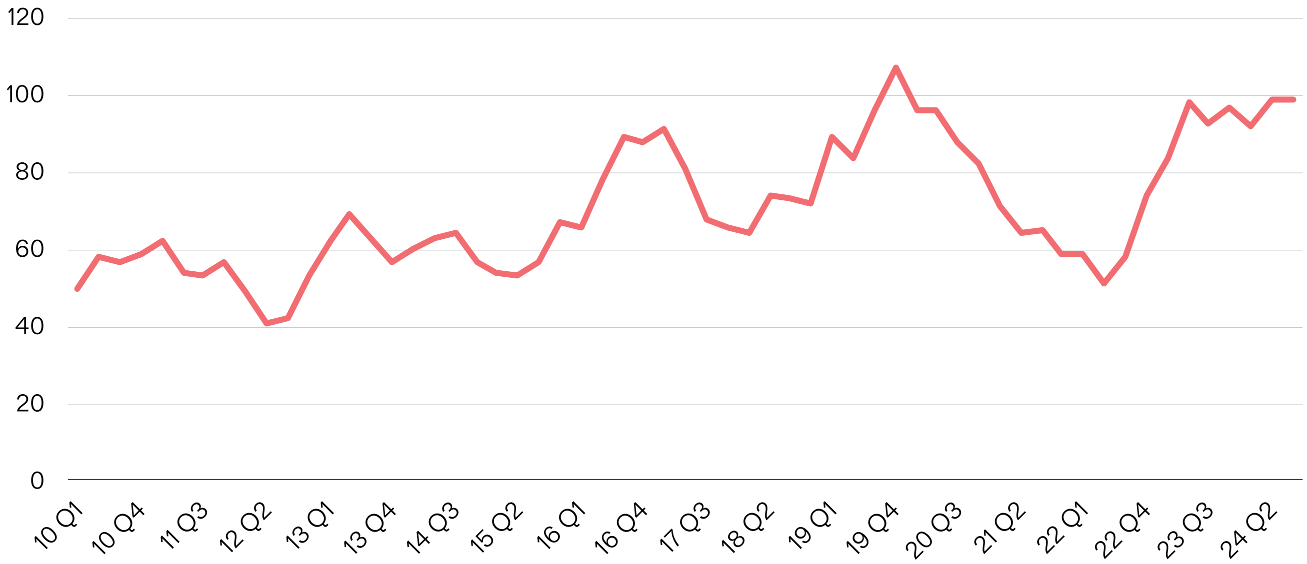
The food and beverage (F&B) market faces increasing challenges in 2024, with turnover remaining relatively flat since our May report. High interest rates have pressured consumers, leading to decreased spending on dining out as priorities shift to essentials over dining and entertainment. This trend is evident in Oslo, where F&B business bankruptcies are rising. Since mid-2022, an average of 24 F&B businesses have closed each quarter, resulting in around 100 annual bankruptcies—significantly higher than the pre-pandemic average of 68. BankAxept data reveals a decline in sector revenue of over one billion NOK compared to last year. Contributing factors include fewer people dining out for lunch and others choosing to drink more at home before heading out to nightlife venues, leading to reduced demand. Concurrently, consolidation trends are growing, with companies like Eik Servering expanding by acquiring established venues, offering stability, and reducing costs associated with launching new ventures. Optimism is high for a resurgence in consumer spending, as real wage growth, easing inflation and an eventual decline in interest rates are expected to boost disposable income. This increase could drive renewed demand for dining out, similar to the post-pandemic rebound.

Turnover index for food and beverage service activities in Norway, seasonally adjusted (2021=100)



Source: Statistics Norway

Number of bankruptcies in food and bereage service activities in Oslo, 4-quarter rolling numbers

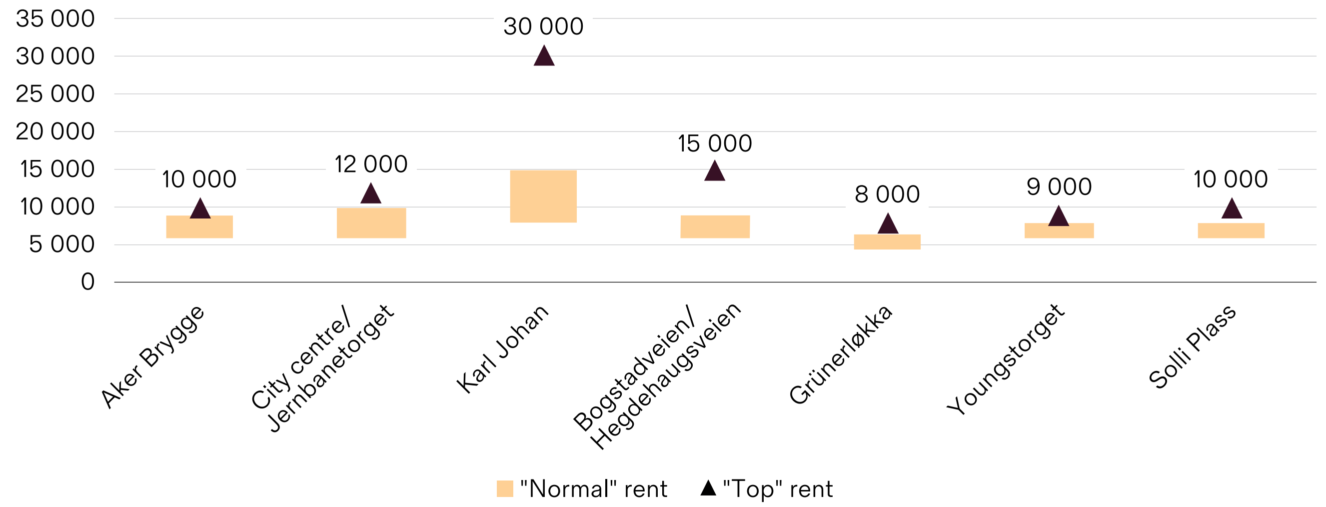


Source: Statistics Norway, Brønnøysundregisteret

New Governmental Quarters Spark Retail Interest and Rising Rents in Grensen

High street retail rents in Oslo have remained stable over the last six months, with modest increases in some areas. Karl Johan Street and Bogstadveien continue as prime retail location choices, each experiencing slight rent increases since our previous report. Karl Johan remains the priciest high street retail area, with rents varying widely depending on premises' size and exact location. We introduced rent estimates for the western Grensen area, between Akersgata and Smedkroken, where achievable rents range from 6 000 to 12 000 NOK/m²/year. Previously a challenging area to lease due to construction around new governmental quarters and recent fire damage, growing interest is evident as completion approaches. We anticipate this area could become a retail hotspot in the near future.

Indicative retail rents in Oslo high streets (NOK/m²/yr)

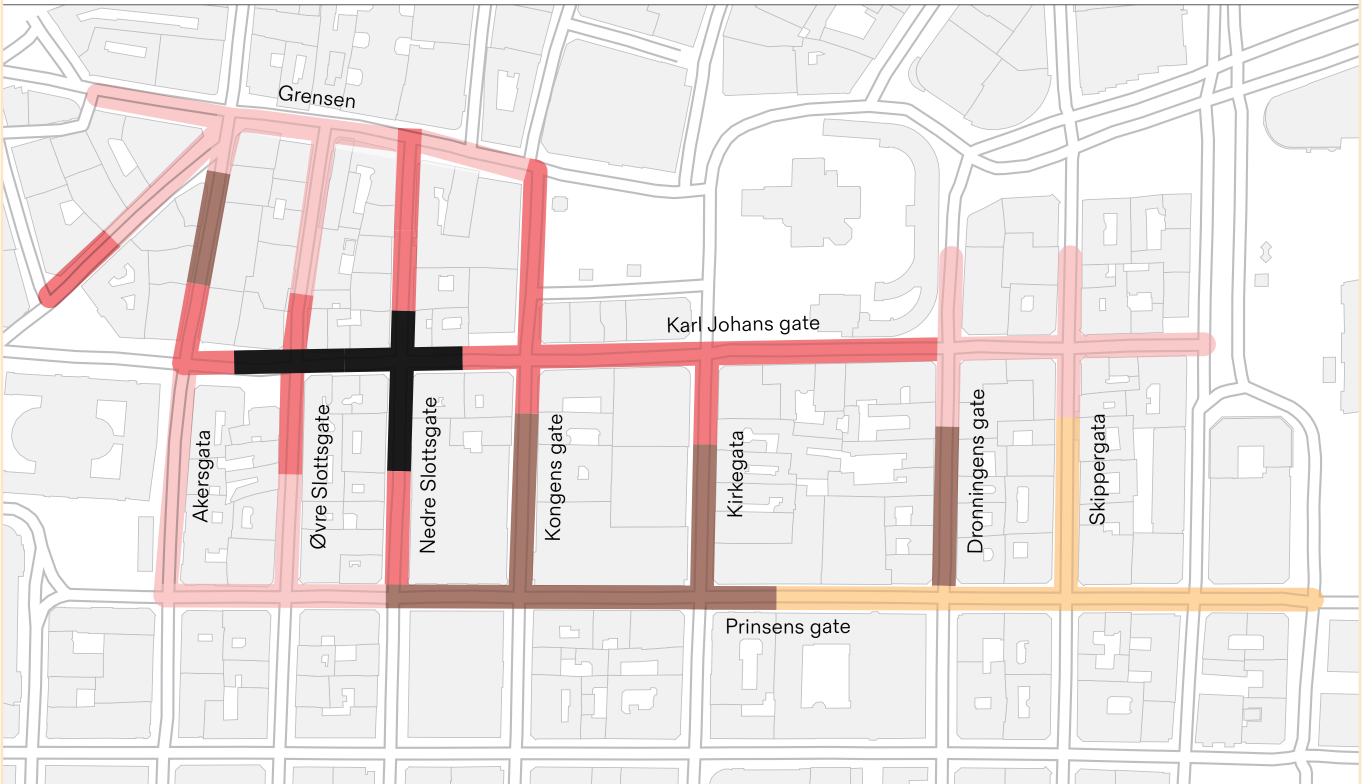


See definiftion of prime and normal rent on page 30.

Source: Malling

Indicative high street retail rents in and around Karl Johans gate (NOK/m²/yr)

Source: Malling

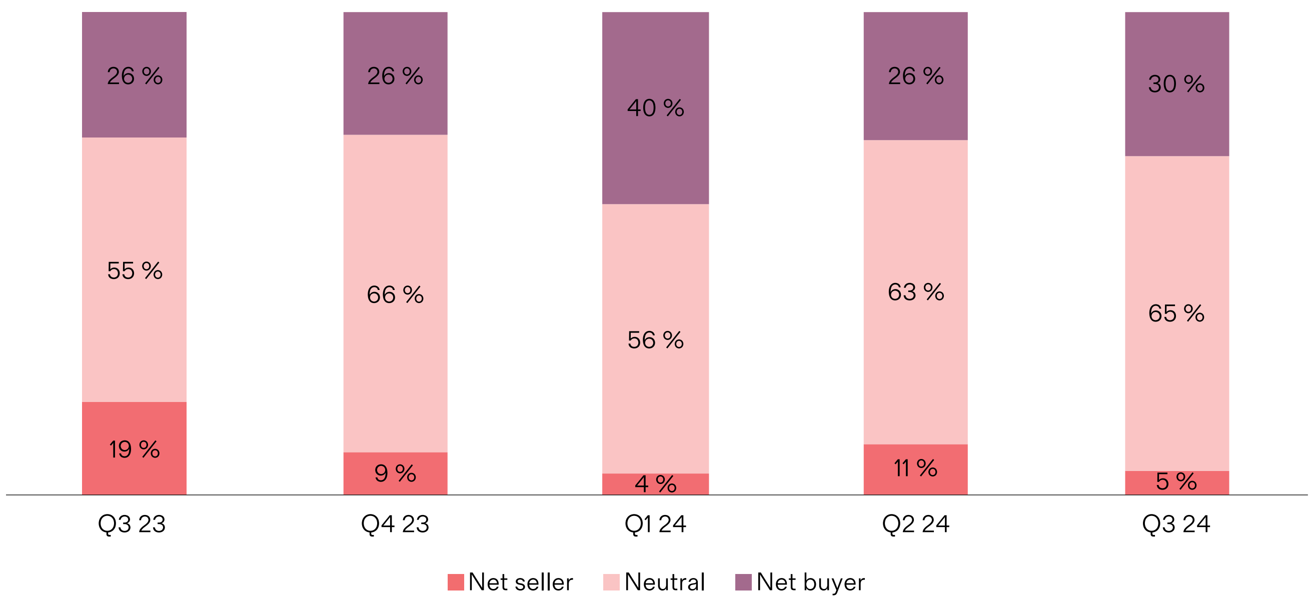


Area Category	● (dark purple)	● (red)	● (light pink)	● (brown)	● (light orange)
From	15 000	10 000	6 000	3 500	2 500
To	30 000	15 000	12 000	8 000	3 500

Strong Buyer Interest Sustains Momentum in Retail Property Market

Investor interest in retail property remained robust in 2024, as shown by our Q3 Investor Yield and Sentiment Survey. Currently, 30 % of respondents intend to be net buyers of retail properties, sustaining strong interest seen throughout the year, peaking at 40 % in Q1. This is significantly above pre-pandemic norms, which saw an average of just 8 % net buyers. Although syndicates remain cautious, with no purchase plans for Q3, overall market sentiment remains optimistic for retail. Despite quarter-to-quarter fluctuations, the past year has shown consistently high buyer interest, with net sellers averaging just 7 % over the last four quarters. This increased interest underscores the sector's resilience despite challenging economic conditions, with expectations of further improvement as interest rates begin to ease.

Desired exposure towards high street retail next 12 months



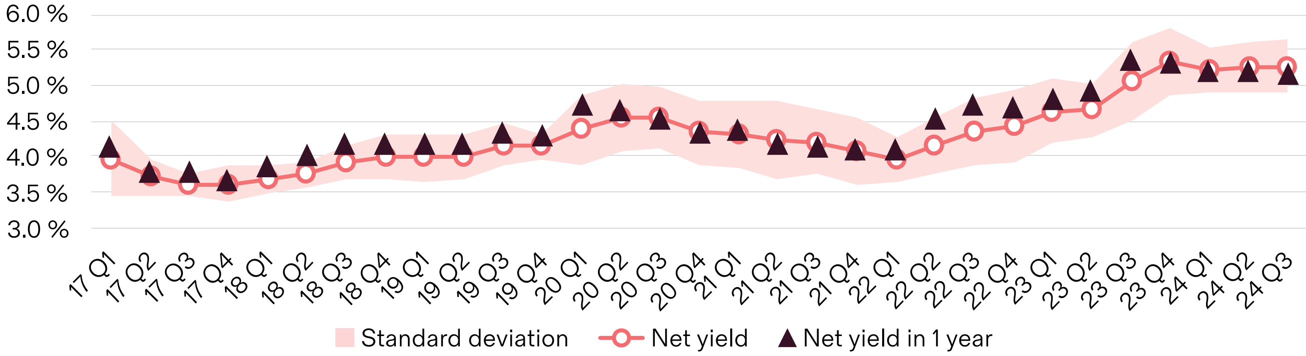
Source: Malling Investor Yield & Sentiment Survey

«Investor interest in retail property remains strong, with 30 % of respondents intending to be net buyers—significantly above pre-pandemic levels, which averaged just 8 %».

Retail High Street Yields Hold Steady with Anticipated Decline Ahead

Retail yields in the Norwegian high street market have maintained stability in 2024. The prime retail high street yield has remained steady at 5.25 % over the past three quarters, while the normal retail high street yield held around 6.20 %, with a slight dip to 6.15 % in Q2. These consistent levels align with investor expectations from a year ago, reflecting a stable yield environment. Looking forward, investors anticipate a decline in yields, with projections indicating a 10 bps drop in the prime retail yield to 5.15 % and a 15 bps decrease in the normal yield to 6.05 %, driven largely by anticipated policy rate cuts. This expected yield compression points to a favorable outlook for the retail property market as easing financial conditions may enhance investment appeal.

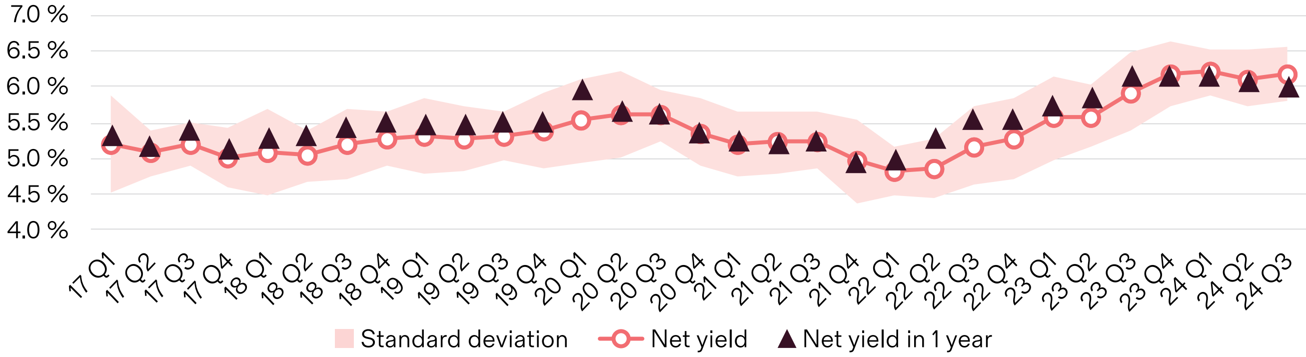
Prime retail high street yield, Egertorget



Net yields on market rent.

Source: Malling Investor Yield and Sentiment Survey

Normal retail high street yield



Net yields on market rent.

Source: Malling Investor Yield & Sentiment Survey

«Prime high street retail yields have held steady at 5.25 % throughout 2024, with anticipated declines signaling a favorable investment outlook».

Stortorvet 7, Oslo

Malling & Co Næringsmegling assisted KLP Eiendom with the negotiation of the letting agreement to Anton Sport, which is renting approximately 1 250 m^2 in Stortorvet 7.

Trekanten, Asker

Malling & Co Corporate Real Estate acted as sell-side advisor on behalf of Citycon in the sales process of Trekanten, Asker, a 32 000 m^2 shopping centre in greater Oslo with development potential.

Filipstad Brygge 1, Oslo

Illustration: Grape Architects

Malling & Co Leietakerrådgivning has assisted SEB in the renegotiation of their 12 000 m^2 headquarters at Filipstad Brygge 1. In addition, Malling Leietakerrådgivning has been appointed as project manager to oversee the new fit-out of the office space.

Hospitality

Norwegian Hotel Market Thrives in 2024 with Strong International Demand

In 2024, Norway's hotel sector continues to demonstrate resilience and growth, supported by strong demand from international visitors and limited capacity in key regions. Revenue per available room (RevPAR) has reached record levels, supported by room rate increases that help offset inflationary pressures. Oslo leads the national averages in both RevPAR and occupancy, benefiting from stable demand and constrained new supply, setting the stage for sustained growth. Tourism remains a major driver, with overnight stays up 5 % in Q1-Q3 2024, largely due to international visitors attracted by a favorable exchange rate and unique experiences in Northern and Western Norway. While leisure travel has rebounded strongly, business and conference travel lag behind pre-pandemic levels, influenced by digitalization and increased environmental considerations. Investor interest in hotel properties remains steady, with recent transactions showing a trend of smaller investors acquiring properties from larger professional players, signaling increased diversification in the market. Overall, Norway's hotel sector is set to benefit from sustained demand, steady investor interest, and strategic adaptation to evolving market needs.

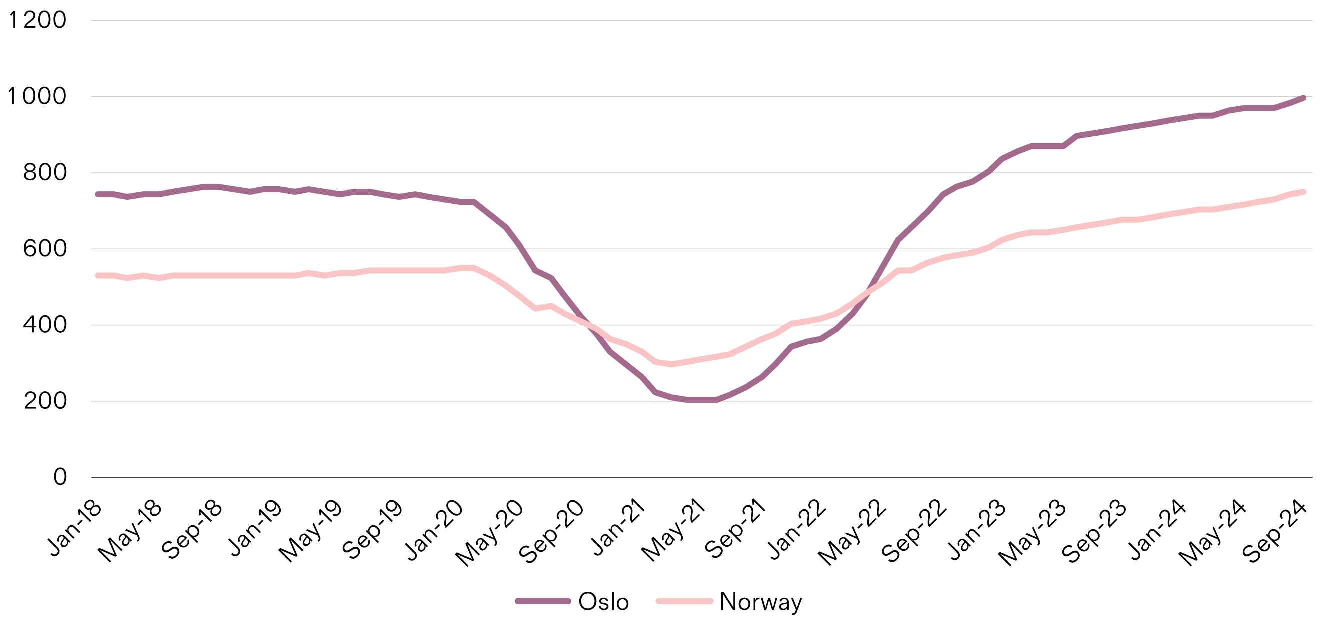
Record high levels of revenue per available room

Norway: Norwegian hotels have seen a continued rise in RevPAR throughout 2024, with the 12-month average RevPAR nearing NOK 750 as of September. This marks a record high for hotel profitability across the country. Compared to September 2023, the 12-month rolling average shows an annual growth rate of 11 %, driven largely by room price increases rather than occupancy, which remains steady at pre-pandemic levels. The Average Daily Rate (ADR) in Norway was NOK 1 406 in September 2024, up 6 % from September 2023 and a notable 41 % above September 2019. This growth outpaces inflation, helping hotels manage rising operational costs while maintaining profitability.

The strong performance in Norway's RevPAR surpasses its Nordic counterparts, with northern regions such as Tromsø and Bodø leading in room price increases. Tromsø, in particular, dominates with the highest RevPAR and ADR growth. This is expected to continue as new capacity remains limited, sustaining occupancy rates and enabling price increases beyond CPI levels.

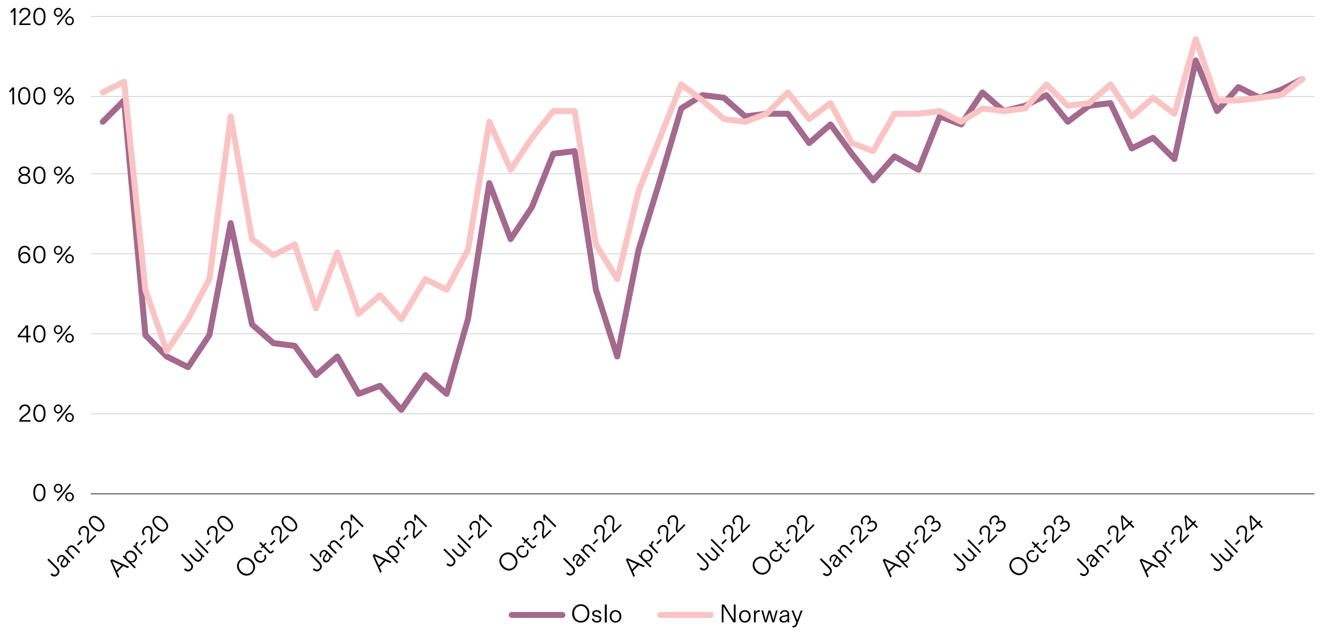
Oslo: The Oslo hotel market continues to outperform national averages, with RevPAR for the past 12 months reaching NOK 993 as of September 2024. Several months have significantly exceeded NOK 1 000, with June recording the highest RevPAR this year at NOK 1 544. Oslo hotels boast a higher occupancy rate than the national average, standing at 69 % over the last year compared to Norway's 57 %. When compared to pre-pandemic levels, both Oslo and Norway show occupancy rates similar to 2019. The ADR in Oslo has also significantly surpassed the national level, averaging NOK 1 620 over the past year—15 % higher than the national average and a remarkable 45 % increase from September 2019. With few new hotels entering the Oslo market, established properties may benefit from limited capacity and continued growth in travel. Oslo's hotels are expected to maintain high profitability due to increasing demand paired with tight supply constraints in the coming years.

Revenue per available room (RevPAR), 12-month rolling average, NOK



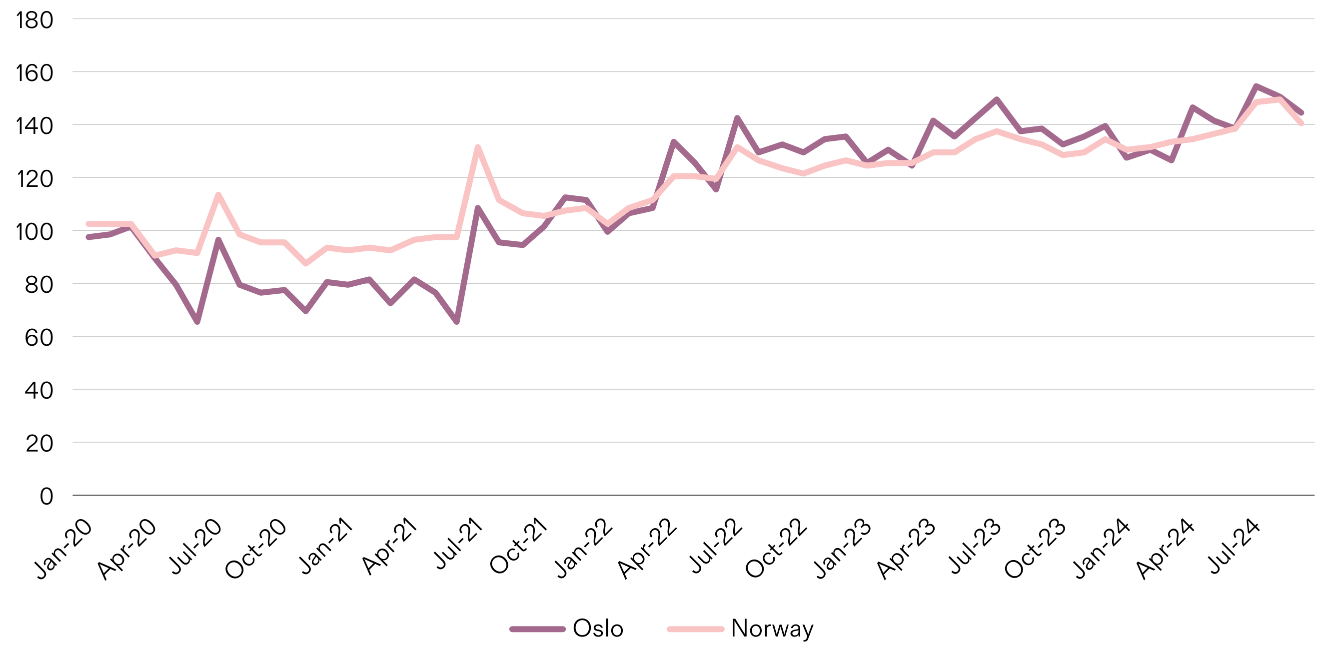
Source: Statistics Norway

Occupancy (%) per month, relative to 2019



Source: Statistics Norway

Average day rate (ADR) per month, NOK, 2019=100



Source: Statistics Norway

«Norwegian hotels hit record-high RevPAR in 2024,
driven by rising room rates rather than occupancy growth».

Key figures	Oslo			Norway		
	Q1-Q3 2024	Q1-Q3 2023	2024 vs. 2023	Q1-Q3 2024	Q1-Q3 2023	2024 vs. 2023
Total revenue, MNOK	4 212 531	3 963 330	**6 %**	19 125 118	17 158 189	**11 %**
Average RevPAR, NOK	1 028	954	**8 %**	789	711	**11 %**
Average ADR, NOK	1 466	1 426	**3 %**	1 363	1 285	**6 %**
Average Occupancy, %	69 %	66 %	**5 %**	57 %	55 %	**4 %**
Total # of guest nights	4 351 784	6 786 537	**-36 %**	21 097 713	20 133 125	**5 %**
Norwegian guest nights	2 647 535	3 024 679	**-12 %**	14 865 421	14 505 095	**2 %**
Foreign guest nights	1 704 249	1 880 929	**-9 %**	6 232 292	5 628 030	**11 %**

Source: Statistics Norway

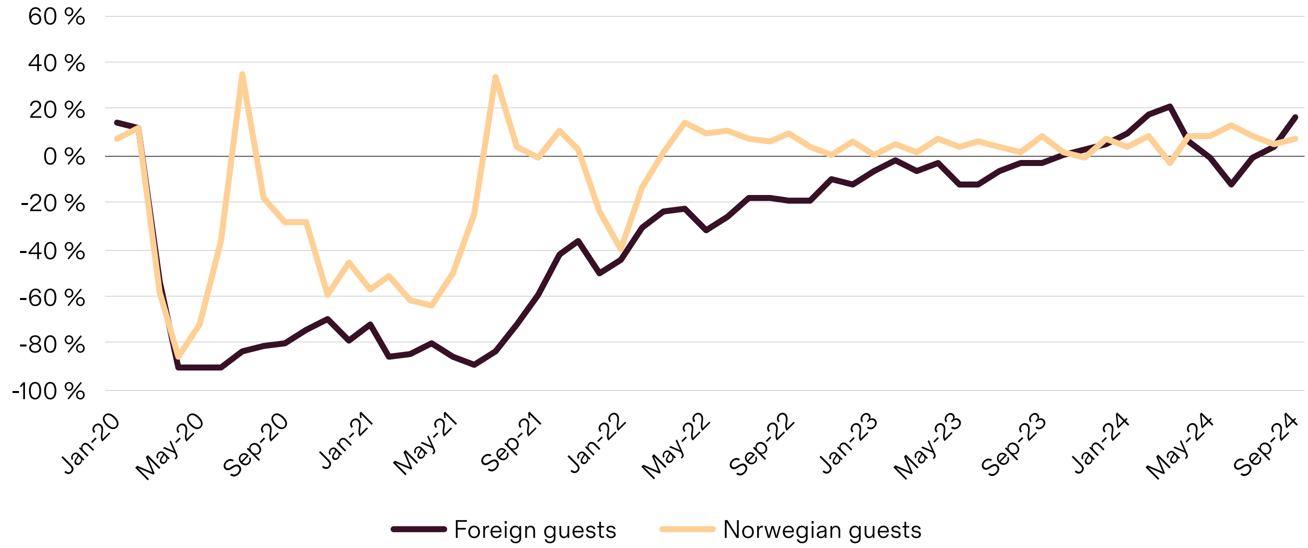
«Foreign guest nights in Norway's hotels soar, especially in the north and west, as favorable exchange rates and adventure tourism draw international visitors».

Steady Growth in Norway's Hotel Sector, Boosted by Tourism and Favorable Exchange Rates

Since Norway reopened in 2022, the hotel industry has experienced consistent growth in overnight stays, with volumes in Q1-Q3 2024 up by 5 % compared to the same period last year. This increase has been primarily driven by foreign visitors, who saw a rise of 11 %. Targeted marketing efforts and favorable exchange rates have further boosted travel interest in Northern and Western Norway, where "coolcation" experiences and adventure tourism are particularly popular. International tourism remains largely driven by visitors from the U.S., Germany, Sweden, the U.K., and Denmark, though other regions are quickly gaining prominence, especially from Asia. Chinese tourists, in particular, have surged, with a 151 % increase in visits from January to September 2024 compared to the same period in 2023. Domestic tourism has also increased slightly, with a 2 % rise from Q1-Q3 2023 to Q1-Q3 2024, as the weak krone makes foreign travel more costly for Norwegians.

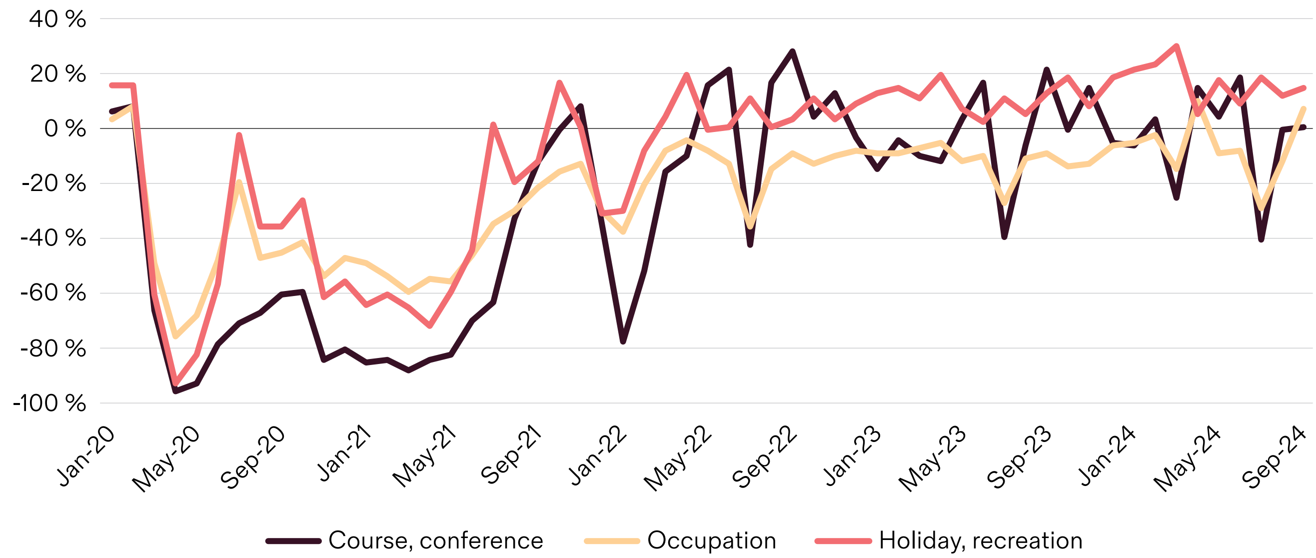
Currently, holiday-related stays account for 57 % of all hotel overnight stays, playing a vital role in sustaining high occupancy levels. While holiday travel remains strong, the recovery in conference and business travel has been more mixed. In the first three quarters of 2024 compared to 2023, business-related guest nights have increased by 4 % but remain below pre-pandemic levels. Contributing factors include the rising use of digital meetings and a stronger focus on reducing travel for environmental reasons. Conference travel has remained stable, with no growth in guest nights from January to September year-over-year. While many organizations continue to limit travel for sustainability reasons, the weak krone has encouraged more businesses to hold conferences in Norway or Sweden, partially offsetting the decline in conference-related stays. Overall, the hotel sector is gradually adapting to the post-pandemic landscape.

Number of nights in Norway per month by Norwegian and foreign guests, relative to 2019



Source: Statistics Norway

Guest nights related to conference, occupation and holidays in Norway, relative to 2019



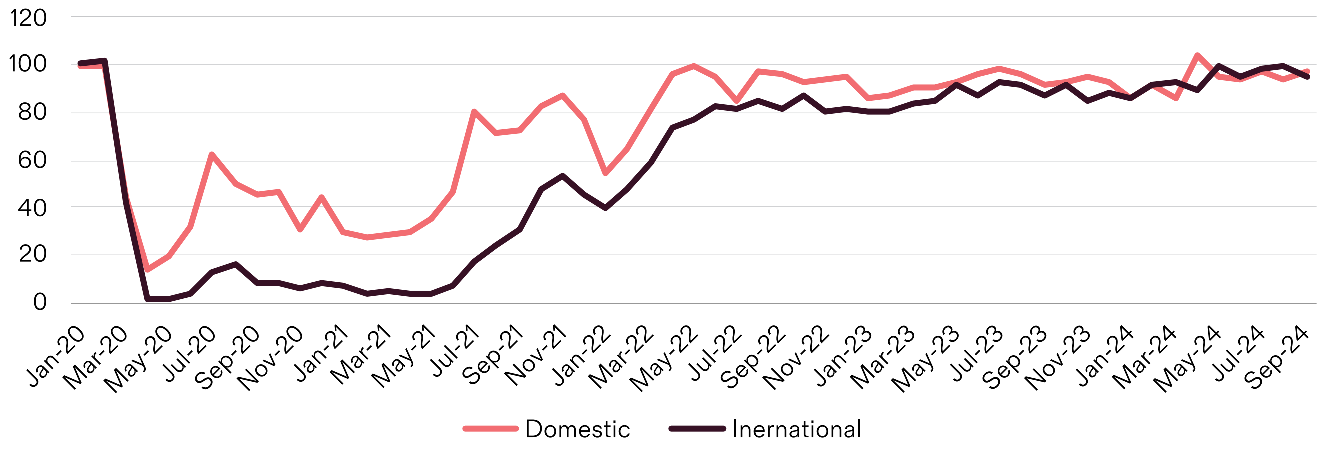
Source: Statistics Norway

Strong Travel and Tourism Demand Fuels Optimism for Norway's Hospitality Sector

Air travel remains essential to Norway's tourism sector, impacting hotel revenues and real estate dynamics. According to Avinor, international flights increased by 7.8 % from Q3 2023 to Q3 2024, while domestic flights saw a modest increase of 1.3 %. Passenger numbers for both segments are now approaching pre-pandemic levels, reaching an average index of 95-97. However, a shift toward leisure travel has been observed, with business-related travel, particularly in the oil and gas sectors, seeing slower recovery. Avinor anticipates minimal further growth in domestic air travel, suggesting that the post-pandemic surge in this segment has stabilized. The outlook for international flights is more optimistic, with potential growth supported by favorable exchange rates and increasing interest from foreign tourists. Yet, there are some concerns about potential challenges, including possible new air travel taxes due to Avinor's financial strain and a potential tourist tax, which could impact international tourism. Additionally, limited capacity and higher fares from major carriers like SAS and Norwegian may affect domestic travel growth. However, while challenges exist, we believe that Norway's tourism and hospitality sectors are well-positioned to benefit from sustained international demand and a resilient travel market.

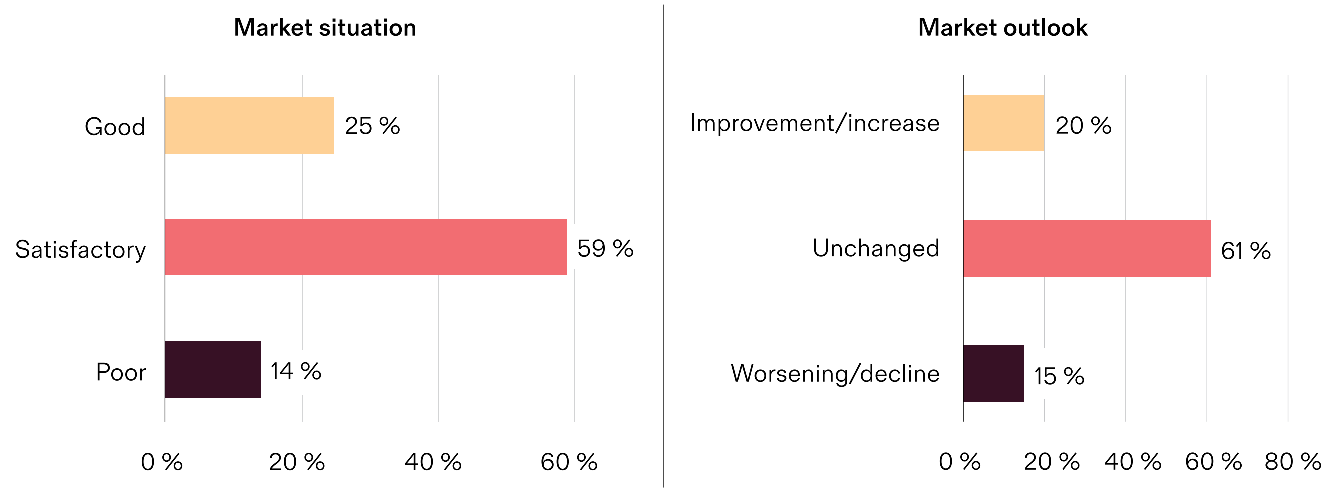
As of October 2024, NHO Reiseliv's latest survey of member companies indicates a strong outlook for Norway's hospitality sector, with 84 % of businesses rating the market as good or satisfactory. This marks a clear improvement from last year, when 21 % reported a poor market compared to just 14 % today. Strong bookings in regions like Nordland, Troms, and Innlandet reinforce this positive sentiment, though Vestfold and Telemark are slightly behind. Looking ahead, 20 % of respondents expect continued market growth, 61 % foresee stability, and only 15 % anticipate a downturn, representing a significant shift from the 36 % predicting a decline at this time last year. The future of Norway's tourism industry appears promising, with conditions set for steady growth. Jan Christian Vestre has highlighted the sector as Norway's next major export focus, with Menon projecting revenue growth of 45 % from 2019 to 2030, particularly in experiences, culture, and dining. While geopolitical risks may pose some uncertainty, the international visitor market shows no signs of slowing down, fueling optimism for sustained demand in Norway's hospitality sector.

Terminal passengers at Norwegian airports per nationality, Index 2019=100



Source: Avinor

Responses from the Norwegian Hospitality Association member survey, October 2024



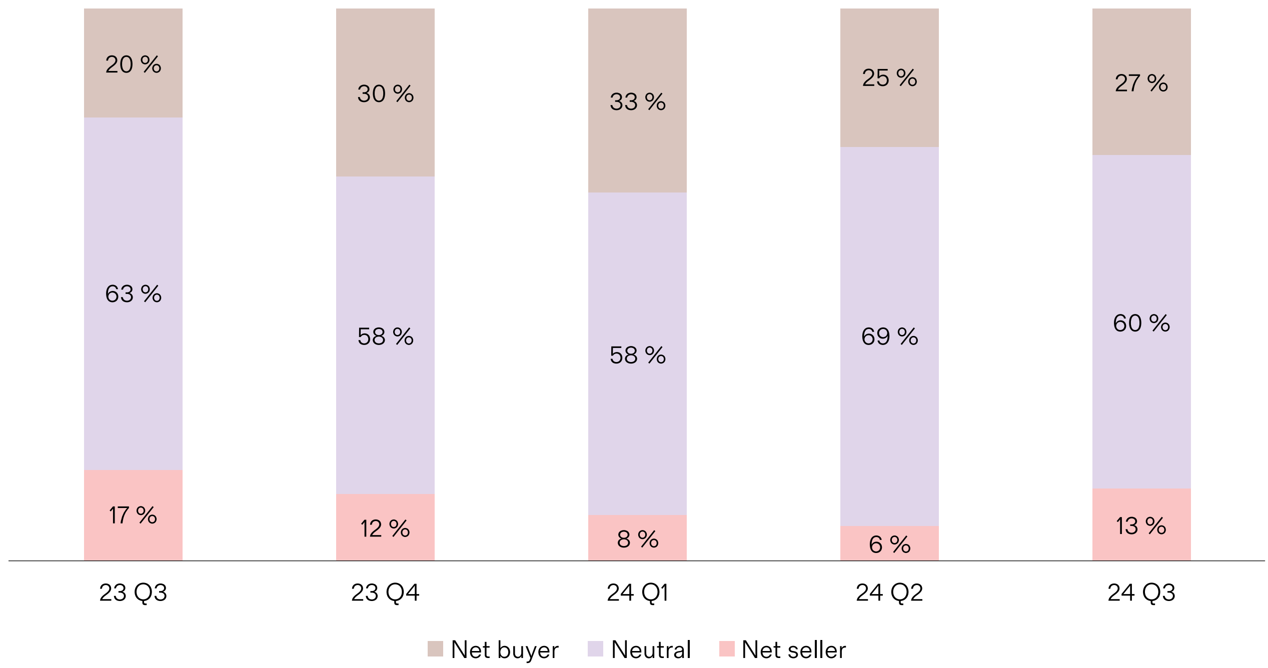
Not all respondents answer the question. The proportions among the three response categories do not add up to a full 100 %. Source: NHO Tourist and Travel's member survey

Steady Interest and Market Diversification in Norway's Hotel Sector

As of October 2024, findings from our latest Investor Yield and Sentiment Survey show steady interest in Norway's hotel sector. Over the past year, an average of 27 % of investors identified as net buyers, 11 % as net sellers, and 62 % as neutral. Although the proportion of net buyers peaked slightly in Q4 2023 and Q1 2024, these fluctuations were minor, a reflection of the hospitality sector's smaller market size, where small changes can appear more pronounced. Despite increasing property values and rising RevPAR, which boost turnover-based rental income, overall investor demand for hotel assets has remained stable rather than surging, suggesting a sustained but balanced interest in the sector.

Transaction volume has reached NOK 2.7 billion as of 24 October, already exceeding last year's NOK 2.3 billion total. Key transactions include Rica Eiendom's acquisition of Scandic Ørnen in Bergen from Oslo Pensjonsforsikring, Pellerin's purchase of Clarion The Edge in Tromsø from Aspelin Ramm, and Glastad Holding's acquisition of Hotel Savoy in Oslo from Entra. These deals highlight a trend of smaller investors purchasing from larger, professional players, indicating continued diversification within the market. Hotels continue to attract investor interest due to their flexibility; they can incorporate new concepts and easily adapt to market changes, often enhancing value with straightforward modifications. This versatility places many hotels in the value-add category, appealing even to long-term investors seeking opportunities for growth.

Desired exposure towards hotel properties next 12 months



Source: Malling Investor Yield and Sentiment Survey

«Norway's hotel sector draws steady investor interest, with smaller players expanding their share and boosting market diversification».

Urtekvartalet, Oslo

Malling & Co Leietakerrådgivning and Malling & Co Technology acted as project manager for Sweco, overseeing both the construction and relocation of their 800 employees to their new, bespoke headquarters in Urtekvartalet.

Drammensveien 130, Oslo

Photo: Lasse Fløde on behalf of Vitra

Malling & Co Eiendomsutvikling managed the full renovation of Drammensveien 130 on behalf of Thune Eiendom AS for Vitra. The 700 m^2 space now serves as a bright, multifunctional showroom and office, featuring open-plan areas, meeting rooms, a mezzanine with glass flooring, and original industrial elements carefully preserved.

Residential

Strong Demand and Limited Supply Fuel Growth Across Norway's Residential Market

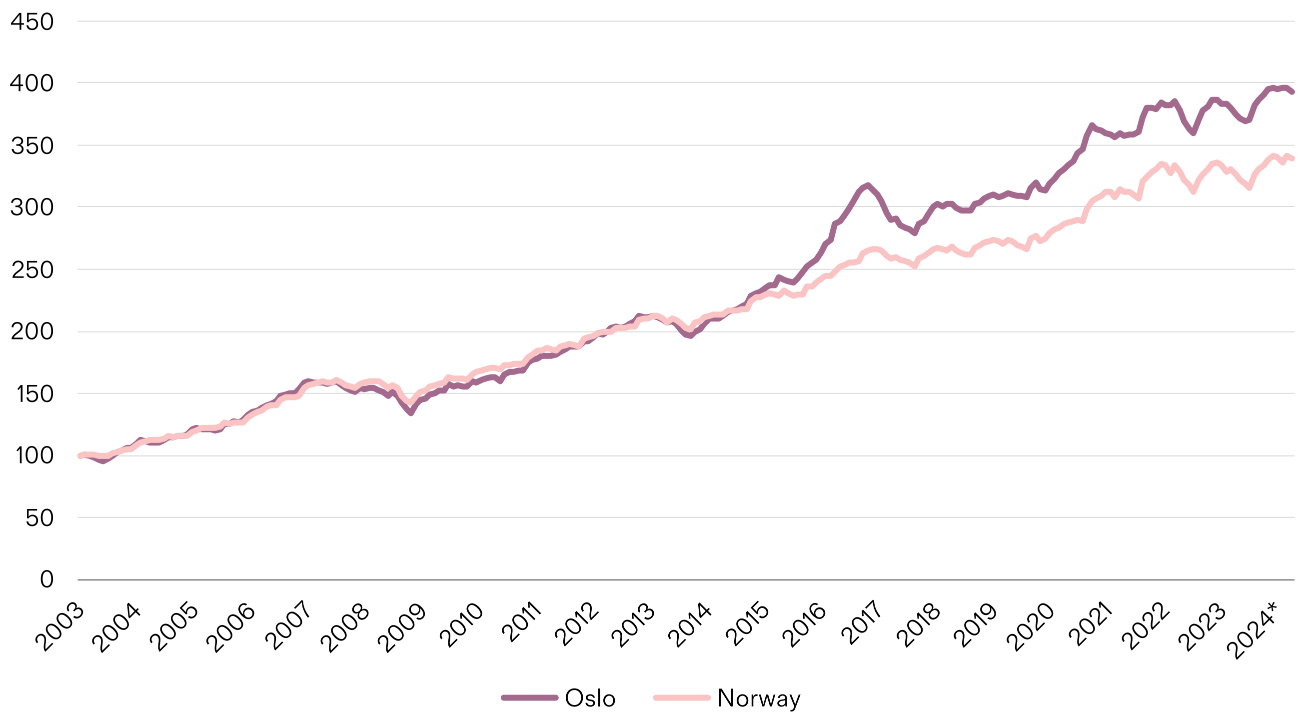
The Norwegian residential market has demonstrated strong performance in 2024, with housing prices rising by 7.6 % to date. A high turnover rate, driven by nearly 80 000 residential sales, highlights ongoing demand in the second-hand market, even as new construction faces regulatory and financial constraints. Looking ahead, housing prices are expected to continue rising, with limited new builds and projected interest rate reductions contributing to sustained upward pressure on prices through 2027. The rental market has also seen significant growth, with rental prices increasing by around 8–11 % in key cities, driven by high demand and constrained supply. Increased wealth taxation and high interest rates have made it challenging for landlords to retain rental properties, leading to higher rents and a reduced rental stock, particularly in Oslo. Investor interest in Norway's residential market is robust, with a transaction volume nearing NOK 10 billion year-to-date 2024. Both domestic and international investors are drawn to the sector's strong fundamentals, focusing on sustainable, high-growth properties in Norway's largest cities.

Resilient Residential Market Sees Strong Price Growth and Record Turnover in 2024

Norwegian residential property prices have shown unexpectedly strong growth in 2024, rising by 7.6 % to date. Following recent seasonal trends, prices rose steadily in the first half of the year before beginning their seasonal autumn slowdown. In 2022 and 2023, autumn price drops were significant, with declines of 6.4 % and 4.6 % from September to December. This year, however, September brought only a modest 0.6 % decrease, suggesting a softer seasonal adjustment more aligned with historical norms. Seasonally adjusted, prices even rose by 0.4 % in September, highlighting the market's underlying strength amid typical seasonal fluctuations. Oslo's market trends mirror the national pattern, with price growth slightly below the national average at 6.1 % so far this year. Historically, Oslo's fluctuations have been more pronounced than in other cities, but recently, housing price changes in other Norwegian cities have followed Oslo's trends more closely. Currently, Oslo's housing prices stand around 17 % higher than the national average.

Turnover in Norway has been exceptionally high in 2024, with nearly 80 000 residential sales recorded so far—a 6.8 % increase over the same period in 2023. September alone saw an 11.7 % year-over-year rise in transactions, an unusually active month for sales, with supply stable but demand surging, especially in the second-hand market. This heightened turnover contrasts with a downturn in new dwelling construction, as developers face challenges from rising costs and regulatory constraints.

Residential property prices in Oslo and Norway, nominal, index (2003=100), monthly figures



*As of September.

Source: Eiendom Norge

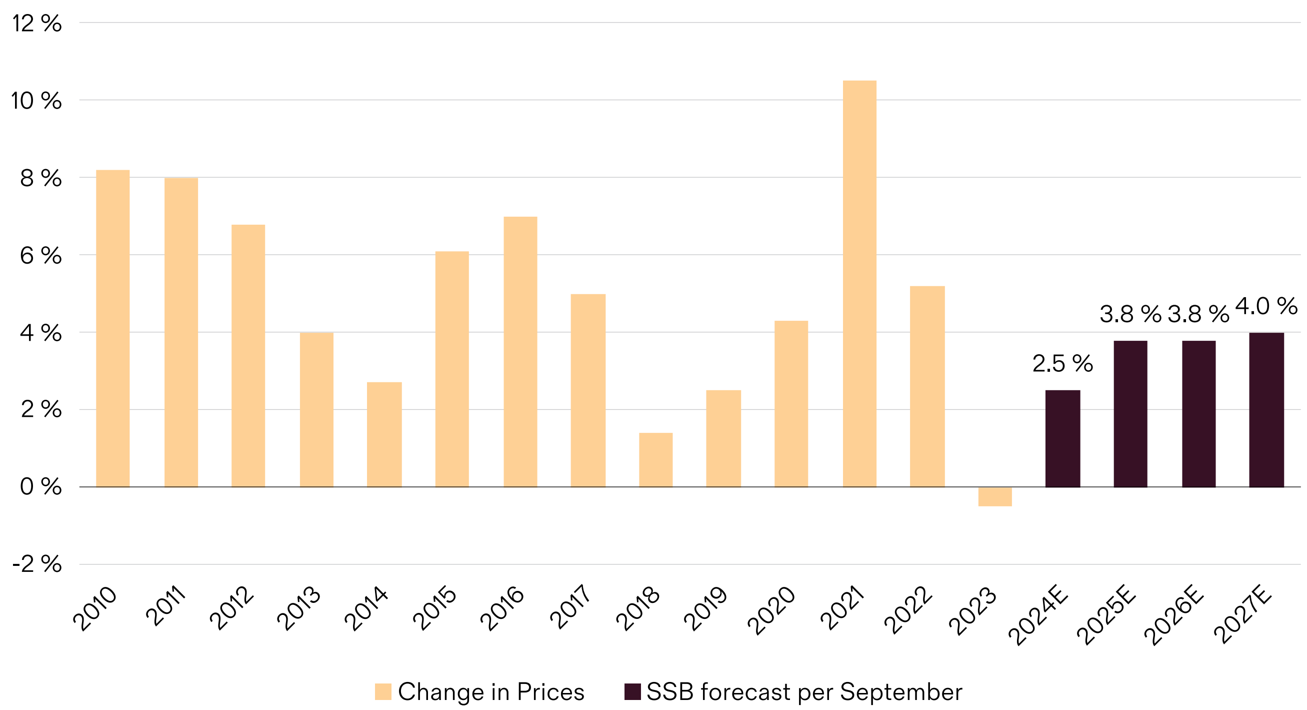
Housing Prices Set for Sustained Growth Amid Supply Shortage and Rising Demand

Looking forward, housing prices in Norway are projected to rise significantly over the next several years, driven by a combination of limited new construction, increasing demand, and expected reductions in mortgage rates. Several analysts predict substantial growth, with the Norwegian central bank projecting cumulative growth of 22.8 % between 2024 and 2027. The scarcity of new housing units is a major contributing factor, as construction has slowed drastically—reaching the lowest levels since World War II. According to Eiendom Norge, only 14 036 new units have been initiated over the past 12 months – half the volume needed to meet demand. With construction expected to remain subdued until 2026, both the buying and rental markets will likely experience sustained upward pressure.

The lending regulation, which currently restricts access to mortgages, is set to expire in January 2025, unless renewed. While Finanstilsynet advocates keeping these restrictions to prevent a surge in housing prices, others call for adjustments or even the removal of the regulation to stimulate demand and new housing projects. Suggested modifications include relaxing capital adequacy requirements for first-time buyers, which could boost activity among this group. Indeed, first-time buyer numbers have already risen in 2024 according to Norges Eiendomsmeglerforbund, as more parents help finance purchases, driven by concerns over anticipated future price hikes.

Price predictions from various sources show a range of growth expectations: SSB forecasts a more conservative increase, while other analysts anticipate a sharper rise. With continued population growth and a stable employment market, residential prices are expected to continue climbing, particularly if interest rates drop and purchasing power increases. This upward trajectory suggests that housing prices will remain high by historical standards, driven by strong market fundamentals and an ongoing supply shortage.

Historical and estimated development in residential property prices, Norway, y/y



Source: Statistics Norway

«Housing prices are expected to stay high by historical standards, propelled by strong demand, limited new construction and anticipated rate cuts, with the Norwegian central bank projecting a cumulative growth of 22.8 % from 2024 to 2027».

High Demand and Shrinking Supply Drive Rapid Rental Price Growth in Norway's Largest Cities

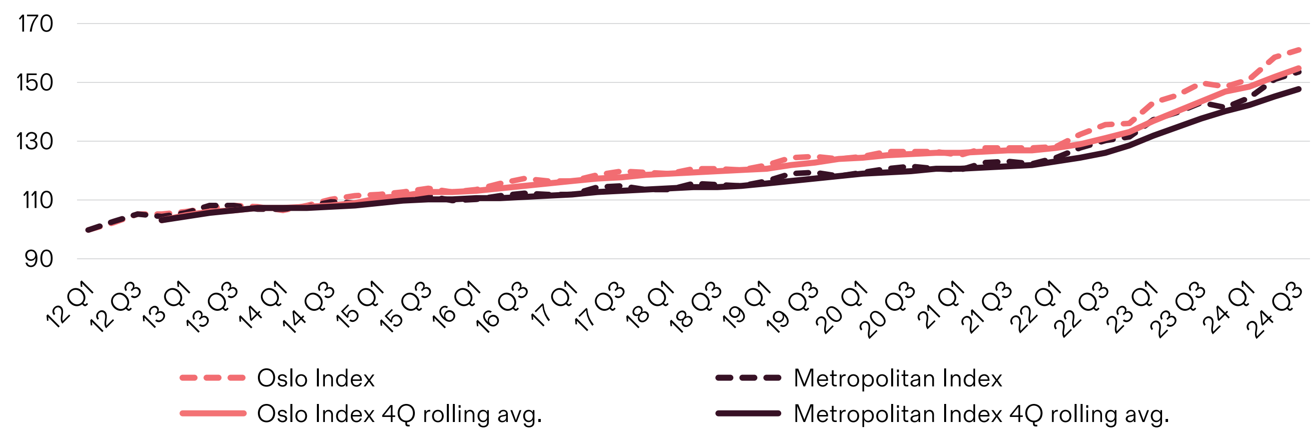
The Norwegian residential rental market continues its strong trajectory in 2024, with rental prices rising significantly across major metropolitan areas. So far this year, prices have increased by 8 % in Oslo and 9 % across Norway's four largest urban areas—Oslo, Trondheim, Bergen, and Stavanger/Sandnes. Trondheim leads in price growth, with an 11.8 % increase through Q3.

The surge in rental prices is primarily driven by high demand and a constrained supply. Listings on Finn.no show fewer rental units on the market than before the pandemic. Rising wealth taxes and interest rates have made it costly for many landlords to keep rental properties. This creates a dual challenge: landlords are increasing rents to offset higher costs, and many are selling their secondary flats, further reducing supply and pushing prices even higher. This trend is expected to persist. Oslo is particularly affected, as its capital-intensive market is highly sensitive to tax and interest rate changes. Both private and institutional investors have scaled back their holdings in the city. Data from Norges Eiendomsmeglerforbund and Ambita shows Oslo's share of secondary homes fell from 17.4 % in Q4 2019 to 14.4 % by Q3 2024. Corporate-owned rental properties have also seen a significant decline since 2023, underscoring the challenges facing Oslo's rental market.

This constrained leasing market has affected certain tenant groups more than others, particularly students and lower-income individuals, who are increasingly priced out. As rents climb, young professionals entering the workforce are occupying units traditionally accessible to students. This shift persists even with a 10 % increase in student grants from 2023 to 2024, well above the CPI. Single parents, especially those with young children, are also a notable tenant group, competing for limited affordable options.

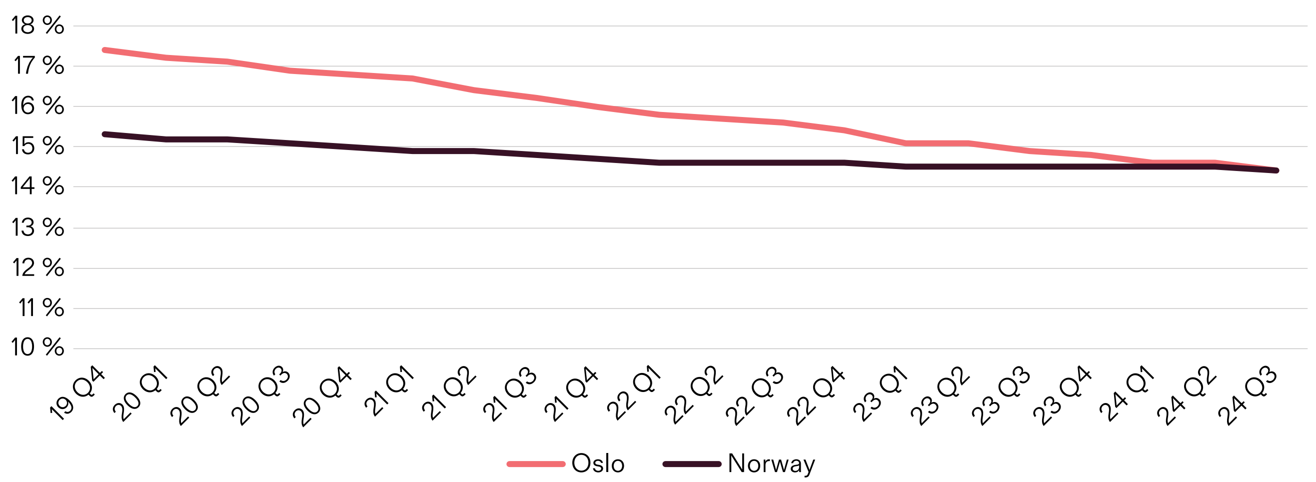
Government policy has further shaped the landscape, with the 2025 state budget offering little relief. Funding for Husbanken's basic loans to developers has been reduced, and student housing remains insufficient by 14 000 units to meet a 20 % minimum coverage goal. However, on a positive note, the anticipated rent restriction act, which would have prioritized tenant protections at the expense of landlords, has been postponed, alleviating concerns of further constraints on rental supply.

Residential rent development in Oslo and Norway, index (Q1 2012=100), quarterly figures



Source: Eiendom Norge

Share of secondary residences in Oslo and Norway, quarterly figures



Source: Norges Eiendomsmeglerforbund, Ambita

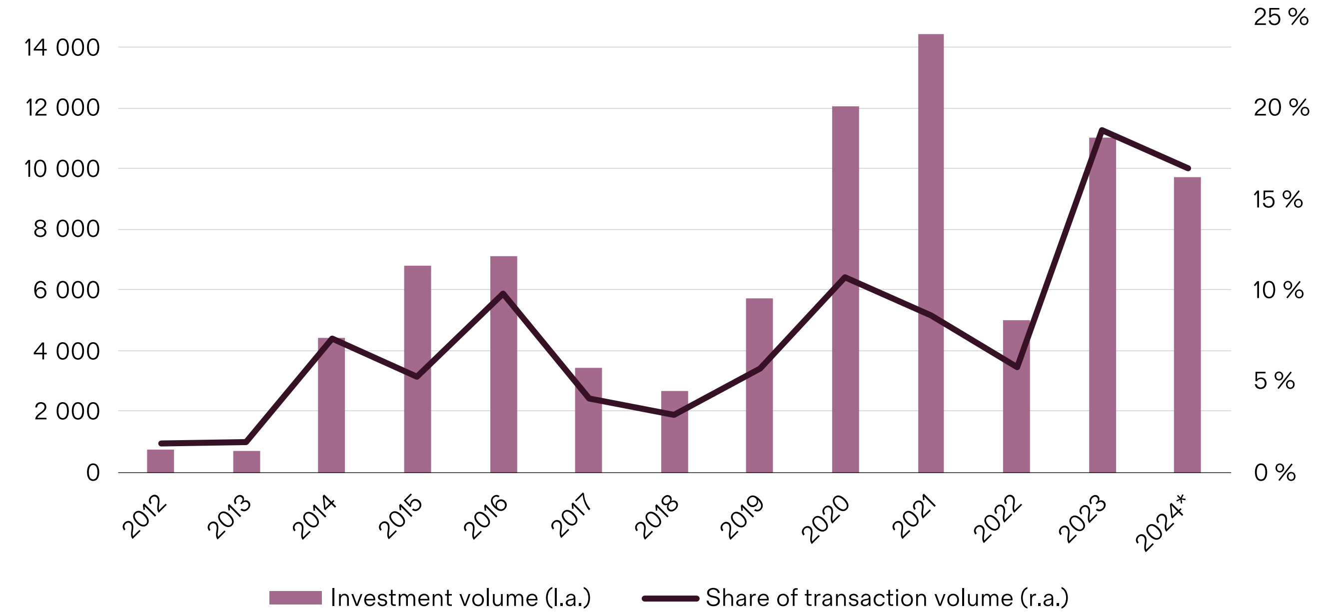
Strong Investor Demand Fuels Growth in Norway's Residential Transaction Market

The commercial residential transaction market in Norway remains active in 2024, with a transaction volume of NOK 9.7 billion as of 24 October. If the current pace continues, this volume could reach nearly NOK 12 billion by year-end, surpassing last year's NOK 11 billion. Residential transactions have claimed a substantial share of the total investment market this year, accounting for 17 % of the volume—a significant rise from the historical average of 6 % between 2012 and 2022. This trend highlights the growing appeal of residential assets among investors.

Key transactions include a notable NOK 1.5 billion acquisition by Gjelsten and Union of a portfolio of seven residential properties in the Oslo area, as well as Vander Group's purchase of a NOK 0.7 billion portfolio in Stavanger from Merkantilbygg. While domestic players continue to lead the market, there is growing interest from international investors. An example is US investor Heitman's acquisition of Bjerke Studenthus from Merkantilbygg earlier this year. International investors typically seek newer, larger buildings that are environmentally sustainable and offer growth potential, aiming to scale their portfolios with profitable, well-located assets. This increasing interest from both domestic and international investors reflects strong fundamentals in Norway's residential market, with large transactions underscoring its stability and growth potential.

The transaction market discussed in this section refers to transactions of multifamily properties and residential development land valued at NOK 50 million and above.

Transaction volume in NOK million and share of total transaction volume in %, residential segment



*As of 24 October.

Source: Malling

«This increasing interest from both domestic and international investors reflects strong fundamentals in Norway's residential market, with large transactions underscoring its stability and growth potential».

Stavanger

Stavanger Market Strengthens with Rising Employment and Major New Developments

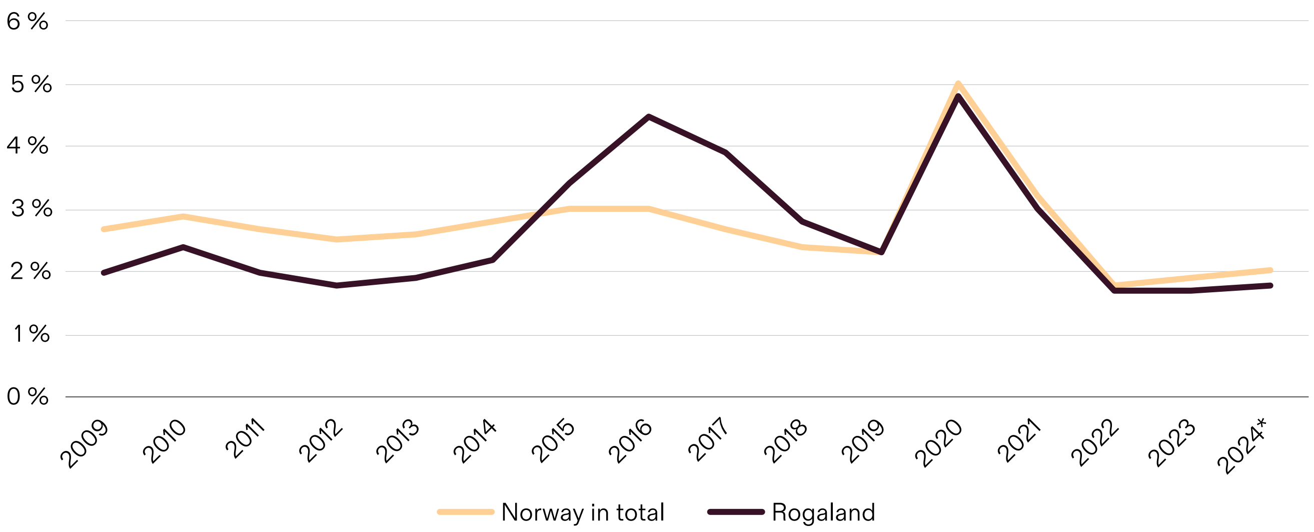
The Stavanger region's economy remains robust, supported by a strong energy sector, with low unemployment rates and solid employment growth. This vitality contributes to a thriving rental market, with high demand pushing office rents up by 6 % so far in 2024. Leasing activity is robust, as companies like Equinor and Skatteetaten seek significant office space, highlighting the demand for modern, centrally located properties. However, vacancy rates have increased from 7.2 % to 9.1 %, largely due to newbuild completions and tenant relocations. Stavanger's office landscape is evolving, with major projects like Valhall at Hinna Park for Aker and Mediebyen at Nytorget shaping the market. On the transaction side, notable deals, such as Storebrand's NOK 1.1 billion acquisition of K8, reflect strong investor interest in prime assets. Optimism is growing for a more active 2025, with hopes that reduced interest rate uncertainty will support further market momentum.

Resilient Employment Market in Stavanger Fueled by Strong Energy Sector Performance

The employment market in the Stavanger region continues to show resilience, consistently outperforming national averages. Unemployment in Rogaland stands at a low 1.8 % as of September 2024, slightly below Norway's overall rate of 2.0 %, according to the Norwegian Labour and Welfare Administration (NAV). This stability, even as the national average ticks upward, highlights sustained demand for labour in the region. The slight rise in Rogaland's unemployment has largely been attributed to an increase in newly arrived immigrants rather than reduced job availability. Employment growth data from Statistics Norway further highlights the Stavanger region's economic strength, with a 1.7 % increase in the workforce from Q2 2023 to Q2 2024, significantly outpacing the national growth rate of 0.7 % and Greater Oslo's 0.4 %.

Key drivers of this strong activity include the energy and petroleum sectors, which continue to benefit from a weak Norwegian krone. Although Brent oil prices have eased to around USD 75 per barrel from earlier highs of USD 90, they remain favorable compared to levels seen between 2015 and 2020. The Stavanger economy is also gradually adapting to the energy transition, and traditional industries are seeing positive developments. This sustained business momentum underscores the Stavanger region's strong economic footing, which is expected to remain resilient going forward.

Registered unemployment in Rogaland and Norway (incl. temporary lay-offs), %



*As of September 2024.

Source: NAV (Norwegian Labour and Welfare Administration)

«Stavanger's employment market thrives, fueled by a strong energy sector and resilient economic growth, consistently outpacing national averages».

Stavanger Region Rental Market Surges on Robust Demand and Rising Prices

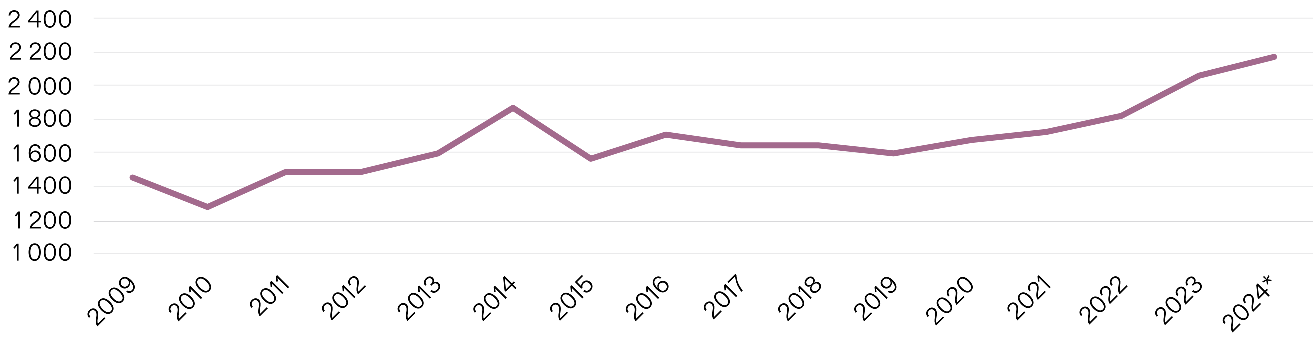
The Stavanger region's rental market remains buoyant, supported by a strong local economy and steady demand for high-quality office space. Rental prices have continued to grow in 2024, with average rates increasing by 6 % in the first half of the year, from 2 060 to 2 180 NOK/m²/year, as reported by Arealstatistikk. Broker consensus indicates gradual upward adjustments in key areas, though growth has moderated compared to previous years of sharper increases. For instance, top rents in Hinna have risen from 2 500 to 2 600 NOK/m²/year, reflecting the area's appeal. Meanwhile, Sandnes is experiencing a broader rental range, as high-quality, centrally located properties command higher rates, while older buildings in need of renovation are dragging down the lower end.

Leasing activity remains robust, with 35 contracts signed in the first half of 2024, according to Arealstatistikk, indicating strong demand on par with last year. Notable recent leases include SpareBank1's 10-year commitment to Jåttåvågen, where nearly 200 employees will move to a newly refurbished call center in 2026.

Tenant search activity is high, with major players looking to secure space in key areas. Equinor is actively exploring options, seeking up to 120 000 m² of office space—a move that could significantly influence the regional market if they decide to vacate their current Forus location. Additionally, Skatteetaten is in the market for 7 500 m² to 8 500 m², focusing on a central Stavanger location by 2027. The University of Stavanger (UiS) is searching for 11 000 m² to 12 000 m² for a 2025 move, while OMV seeks 3 500 m² to 4 000 m² by the same year. These searches underscore sustained demand for centrally located, high-quality, environmentally certified properties, as tenants increasingly prioritize modern facilities in the city centre.

In the industrial sector, rental prices for workshops and production facilities are rising, primarily due to the high costs associated with new construction. Many existing leases are priced below current market levels for newbuilds, suggesting potential future increases as these contracts approach renewal. With steady demand and limited supply of high-quality space, rental prices in Stavanger are expected to maintain upward momentum.

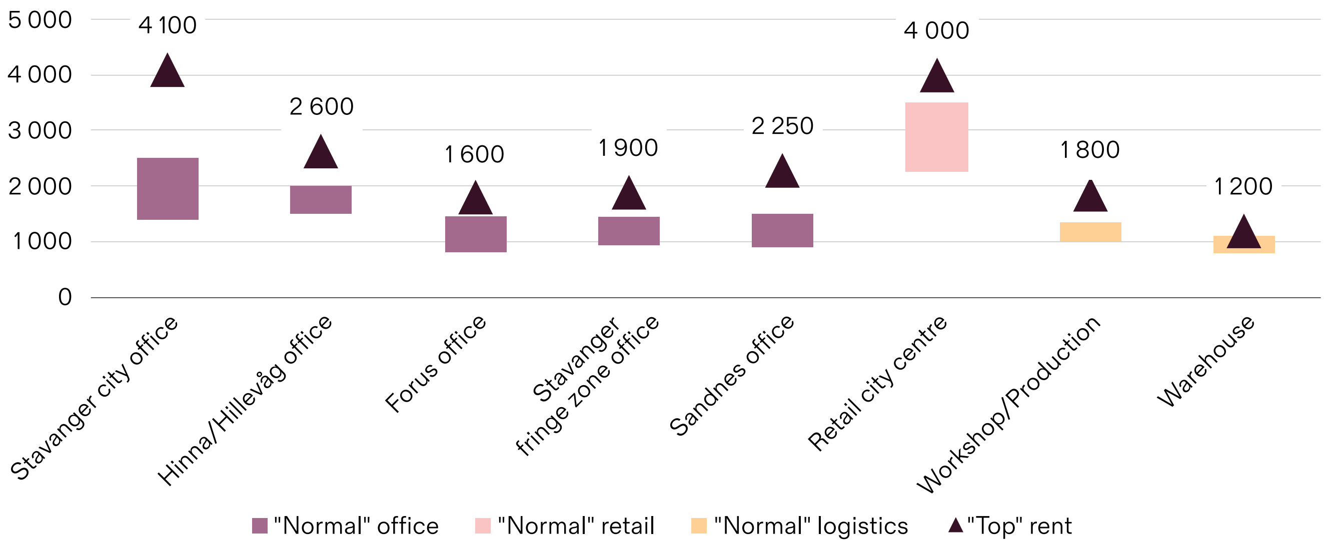
Average of signed office rents in the Stavanger region 2009–2024* (NOK/m²/yr)



*As at H1.

Source: Arealstatistikk

Indicative rents in the Stavanger region divided into areas and segments (NOK/m²/yr)



*See definition of prime and normal rent at page 30.

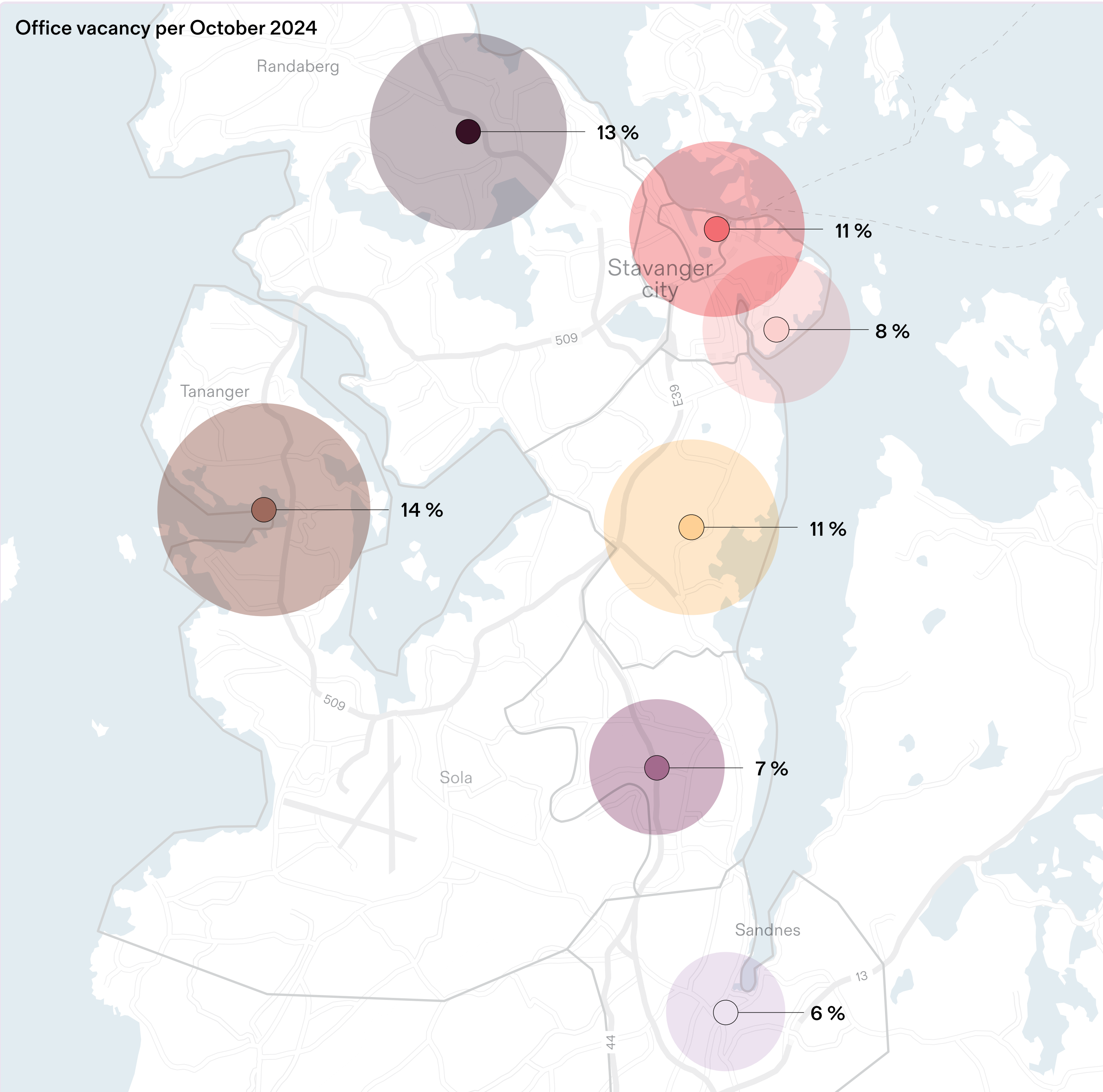
Source: Malling

Rising Vacancy Rates in the Stavanger Region as Relocations Reshape Market Dynamics

Vacancy rates in the Stavanger region rose to 9.1 % as of October 2024, up from 7.2 % in April, primarily due to increased availability in Hinna/Hillevåg. This area is set to see a significant rise in vacant space as Aker relocates from its current Avant headquarters, adding around 40 000 m² to the market. This shift marks a notable vacancy increase for Hinna, now exceeding 10 % in an area traditionally characterized by high occupancy levels. Equinor's ongoing search for new headquarters may further influence vacancy rates. Should Equinor choose to relocate from Forus, it would release an additional 120 000 m² of office space – nearly 50 % of the current total vacancy in the region. This shift could drive vacancy rates significantly higher, as has happened in previous market cycles when large occupiers vacated space.

Most current vacancies are found in older buildings that no longer meet modern standards for quality and sustainability. Meanwhile, demand for centrally located, modern spaces remains high, particularly for properties meeting current functionality and environmental criteria. As new and renovated buildings in the city centre become available, the trend of tenants relocating to these upgraded spaces is likely to continue, attracting strong interest in an increasingly competitive rental market.

Office vacancy per October 2024



Total office vacancy* = 9.1 %	Total listings* = 9.9 %

Stavanger fringe zone north · Stavanger city centre · Stavanger city fringe · Hinna · Sola · Forus · Sandnes

*See page 43 on how we measure vacancy. Source: Malling

Wave of New Developments Elevates Stavanger's Office Market

Stavanger's office landscape is undergoing a significant transformation, propelled by new high-quality, sustainable development projects that cater to modern business demands. Increased economic activity has driven several long-planned construction and rehabilitation projects into action, with recent completions raising the standard for office space across the region. High demand for contemporary offices has allowed developers to secure elevated rent levels, helping offset construction costs.

Recently Completed Projects:
- Interwell Headquarters – Located at Forus, this multipurpose 20 000 m^2 building developed by Interwell and Lars Berland became fully occupied by Interwell as of autumn 2024.
- K8 – A prominent 15 000 m^2 high-rise by Base Property in Stavanger city centre, completed in spring 2024 and fully leased.
- ARK at Site 4016 – Smedvig Eiendom's 10 000 m^2 facility dedicated to the construction sector, opened at Auglend.

Upcoming Projects:
- Valhall at Hinna Park – A 71 000 m^2 development by Hinna Park Utvikling, set to open in 2025, serving as Aker's new headquarters with 48 000 m^2 allocated to Aker. Plans include rehabilitating Aker's current offices in Jåttåvågveien, with partial conversion into a hotel.
- Laerdal Medical Headquarters – A 20 000 m^2 redevelopment at Tanke Svilands gate 30, divided into two sections, with completion expected in 2026.
- Mediebyen at Nytorget – An 11 500 m^2 media hub by SVG Property, set to host NRK and Schibsted upon completion in 2026.
- The Box – Located in Paradis, this 5 000 m^2 project by K2 Stavanger and Bane Nor will serve Norconsult and is scheduled for a 2026 opening.
- Spinn at Site 4016 – Smedvig's 3 000 m^2 circular rehabilitation project, anticipated to complete in 2025.
- St. Svithuns gate 5 – St. Franciskus High-Rise – Approved in May, this 7 500 m^2 high-rise by Camar and K2 Stavanger may start construction by late 2024 if tenant commitments are confirmed.

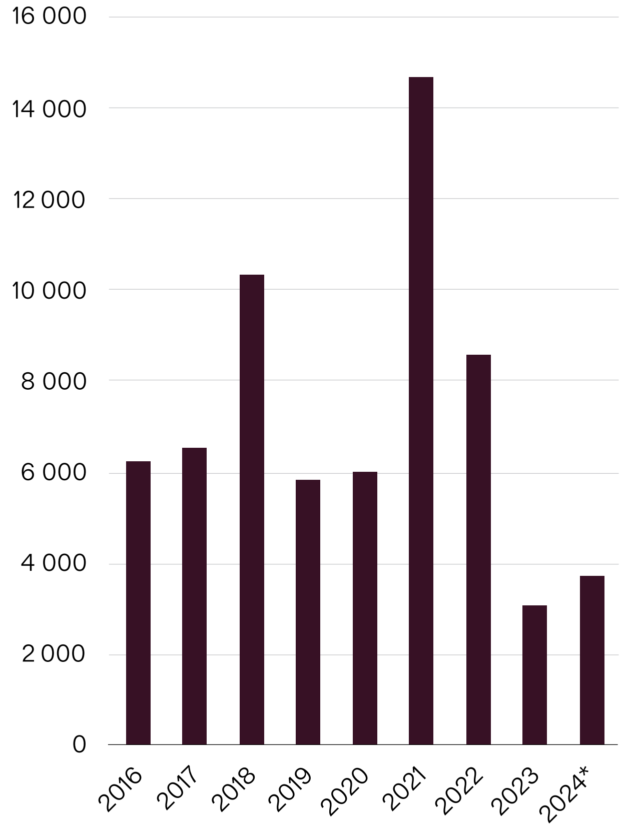
Many of Stavanger's existing office buildings fall short of current standards in functionality, environmental certifications, and design, making these new developments crucial for attracting businesses. Recent completions and a robust pipeline of projects underscore Stavanger's shift towards a modernized office market, which is well-positioned to benefit from rising rental rates and increasing demand for sustainable facilities.

Building Momentum in Stavanger's Transaction Market with Record Deals on the Horizon

The Stavanger transaction market has gained some traction in 2024, reaching a volume of NOK 3.75 billion as of 24 October, already surpassing last year's NOK 3 billion total. Despite this progress, activity remains below the regional historical average of NOK 8.3 billion from 2016 to 2022. The year's standout transaction was Storebrand's NOK 1.1 billion acquisition of the K8 office building from Base Property. The deal prompted a revision in Malling's prime yield estimate for Stavanger to 5.2 %, setting a new regional standard for high-quality assets. Notably, the yield gap between prime assets in Oslo and Stavanger has narrowed substantially over the past year and a half to approximately 0.50 %—a level not seen since 2011, prior to the oil price downturn.

Other notable transactions include the NOK 700 million sale of Merkantilbygg's residential portfolio to Vander Group and Eiendomsspar's NOK 580 million acquisition of TotalEnergies' offices in Dusavika from W.P. Carey. Despite this momentum, many investors remain cautious, extending transaction processes in light of current interest rate uncertainties and global economic volatility. However, local brokers report that the gap between buyer and seller expectations is narrowing, with a positive outlook for a more active market next year. Looking ahead, the upcoming sale of Aker's new headquarters, Valhall in Jåttåvågen, is expected to set new records as Stavanger's largest real estate transaction, valued at over NOK 3 billion.

Transaction volume Stavanger in NOK million



*As of 24 October.

Source: Malling

Svanholmen 21, Stavanger

Malling & Co Corporate Real Estate acted as sell-side advisor on behalf of Ragde Eiendom in the sales process of Svanholmen 21, Stavanger, a 10 370 m^2 warehouse property fully let to IKEA.

Strategic Partnership REQ – Brække Eiendom




Malling & Co Corporate Real Estate acted as sole arranger when Brække Eiendom and REQ entered into a strategic partnership in Drammen and Vestfold, with a portfolio encompassing 9 properties with 180 000 m^2 of land and 90 000 m^2 GLA dedicated to warehousing, production, and logistics.

Drammen

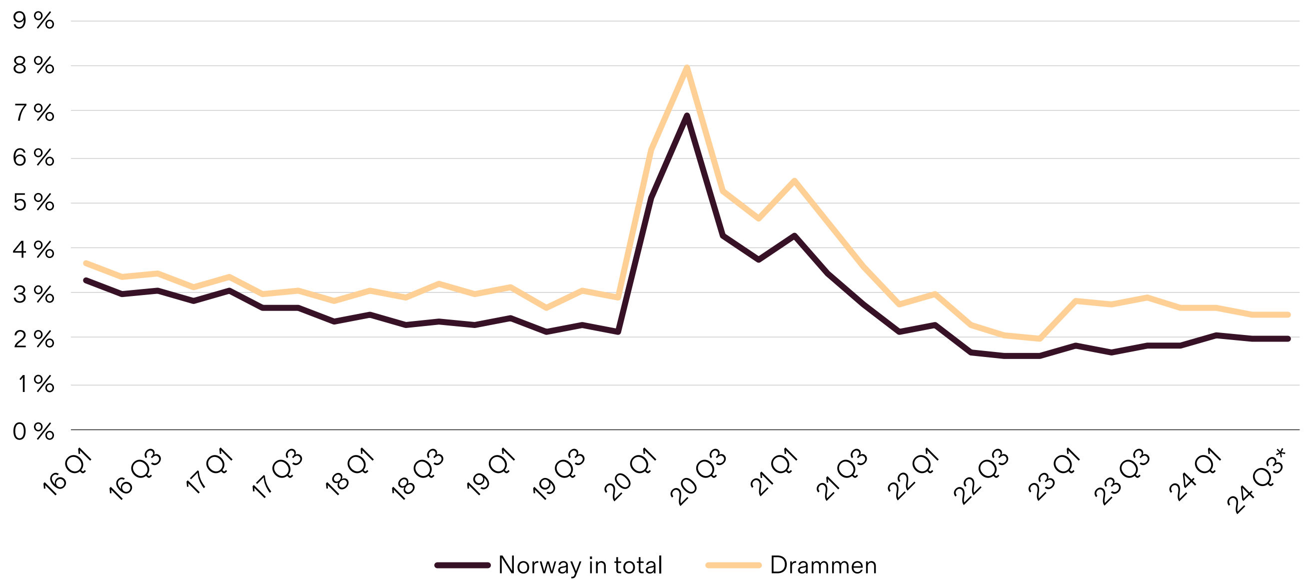
Record-Low Office Vacancy Levels Amid Strong Leasing Demand and Upcoming Major Projects Entering the Market

The Drammen market continues to experience healthy activity in both the leasing and investment segments. Office vacancy rates in central areas reached a record low during the summer of 2024, attributed to a limited supply of new developments and strong growth among large companies with branch offices in Drammen. In contrast, mixed-use and logistics properties present a different trend, with vacancy rates beginning to rise slightly. Meanwhile, a significant land reserve exists in surrounding areas, which, if developed, could expand current building space by up to 40 %. These plots, along with value-add mixed-use properties, have attracted some investor interest due to favorable yields.

Employment Market

According to figures from NAV, the unemployment rate in Drammen stands at 2.5 % as of Q3 2024, which higher than the national average of 2.0 % and above the rates in Norway's other major cities, including Oslo, Bergen, Stavanger and Trondheim, where unemployment ranges from 1.7 % in Trondheim to 2.2 % in Bergen. This is not a new trend for Drammen, which has traditionally seen a higher unemployment rate than these cities. The city's workforce is primarily represented by sectors such as healthcare and social services, in addition to public administration.

Registered unemployment in Drammen and Norway (incl. temporary lay-offs), %



*As of September 2024.

Source: NAV (Norwegian Labour and Welfare Administration)

«The city's workforce is primarily represented by sectors such as healthcare and social services, in addition to public administration».

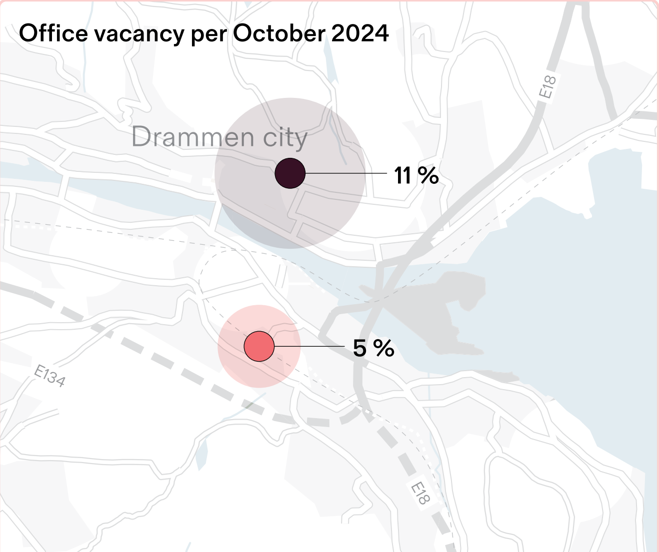
Office Rental Market

The office market in Drammen is experiencing strong demand for space. The vacancy rate is measured at 7.3 % as of October 2024. While this marks an increase from the record low of 5.6 % in July 2024, it remains very low by historical standards and is notably even lower than in Greater Oslo. Recent trends have varied on each side of the river. In Strømsø, the vacancy rate has dropped to 4.7 %, whereas in Bragernes, vacancy has risen to 11.0 % as of October 2024, up from 8.9 % in April 2024.

The lower vacancy rates seen over time are partly due to new construction projects being delayed by high construction costs, valuation yield increases and elevated financing expenses. Developers are also requiring higher pre-leasing rates before initiating projects, further restricting supply, similar to trends seen in Oslo. While some renovations are ongoing—such as Bragernes Torg 1 and Wernergården—new builds that would notably impact supply are scarce, apart from St. Olavs gate 5-9 (3 000 m^2 leased to NAV) and the T2 project at Bragernes Torg (10 000 m^2, expected by 2027).

The reassessment of Drammen's CBD market has led to upward adjustments in rental levels. Prime rent in Bragernes now stands at NOK 3 000/m^2/year, approaching Strømsø's prime rent, provided owners enhance building quality to meet market demand. Proximity to the planned city bridge, expected in 2025, also drives this trend. In Strømsø, prime rents have risen to NOK 3 450/m^2/year, while the top of 'normal' office rents have increased to NOK 2 900/m^2/year in both Bragernes and Strømsø.

Office vacancy per October 2024



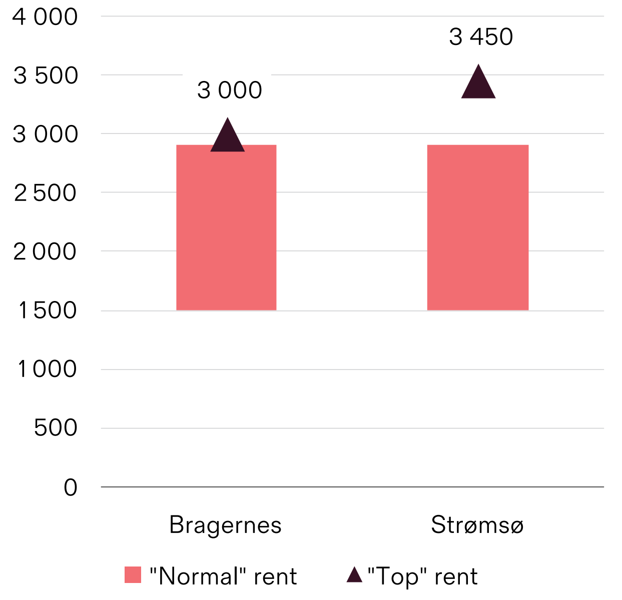
Total office vacancy* = 7.3 %

Total listings = 8.7 %

● Bragernes
● Strømsø

*See page 43 on how me measure vacancy.
Source: Finn.no, Malling

Indicative rents in the Drammen region
Office (NOK/m^2/yr)



*See definition of prime and normal rent at page 30. Source: Malling

> «The lower vacancy rates seen over time are partly due to new construction projects being delayed by high construction costs, valuation yield increases and elevated financing expenses».

Logistics and Mixed-Use Leasing Market

In Drammen, mixed-use properties are predominant, blending warehouse, workshop, office and large-format retail spaces. Defined as the area stretching from Asker to Kongsberg and Hanekleiva to Sætre, vacancy rates for logistics and mixed-use properties stand at 5.9 % as of October 2024, a slight decline from 6.1 % in October 2023. Though slightly down, vacancy rates have generally risen compared to the 2-3 % vacancy levels seen in 2022. The region's major industries, construction and retail, have shown the lowest growth expectations over the past two years, per the Central Bank's regional network. Sublease activity has also increased, particularly in locations vacated by Telway/Telenor, KID and Prysmian.

Increasing vacancy has somewhat tempered rental growth, with rent levels largely stable. Lower-tier rents on Lierstranda now start at 1 200 NOK/m²/year, consistent with Liertoppen and Kobbervikdalen. However, demand remains strong, and tenants prioritize workshop and wholesale spaces with prime locations.

Indicative rents in the Drammen region – Industrial (NOK/m²/yr)

*See definition of prime and normal rent at page 30.

Source: Malling

«Increasing vacancy has somewhat tempered rental growth, with rent levels largely stable».

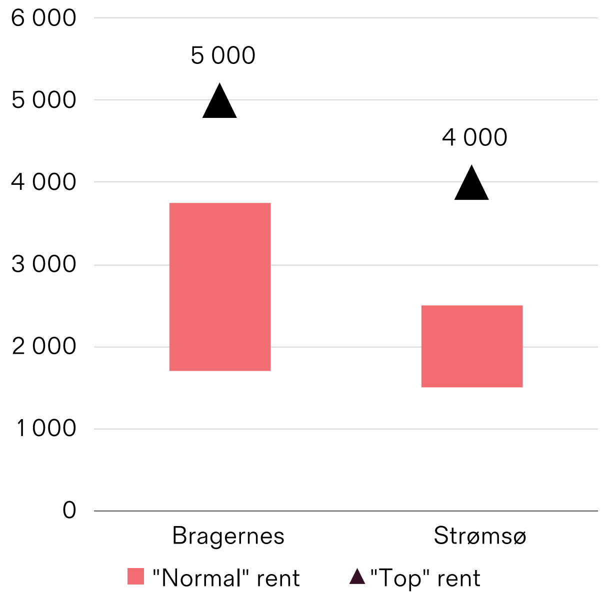
New Developments

Drammen has few new development projects for large industrial properties. However, Hanekleiva has an ongoing project of approximately 20 000 m^2. Several large land areas could yield a 40 % increase in industrial space in the Drammen region if developed. Fiskumparken, for instance, has attracted steady interest from investors and developers. Notable projects include Lyngås Næringspark and Sagvollskogen, and Bulk's recent acquisition in Kobbervikdalen where 20 000 m^2 of logistics property is planned. Demand remains high, although challenges around development costs and tenant payment capacities affect new project viability.

Retail Leasing Market

The retail leasing market in Drammen is relatively quiet, with limited new activity reported. Some restaurants and cafés have closed or declared bankruptcy, though well-established concepts continue to perform well, such as the recently opened Pincho Nation at Strømsø Torg 4. Vacant ground-floor retail spaces have increased in pedestrian streets, prompting a downward adjustment of prime rent in Bragernes to NOK 5 000/m^2/year. On the Strømsø side, rents are steady, with the lower range adjusted to NOK 1 500/m^2/year. There is less willingness from national and international operators to establish themselves in Drammen, with locally attuned concepts performing best.

Indicative rents in the Drammen region
Retail (NOK/m^2/yr)



*See definition of prime and normal rent at page 30. Source: Malling

«There is less willingness from national and international operators to establish themselves in Drammen, with locally attuned concepts performing best».

Selected Notable Lease Agreements

Recent notable lease agreements in Drammen include:

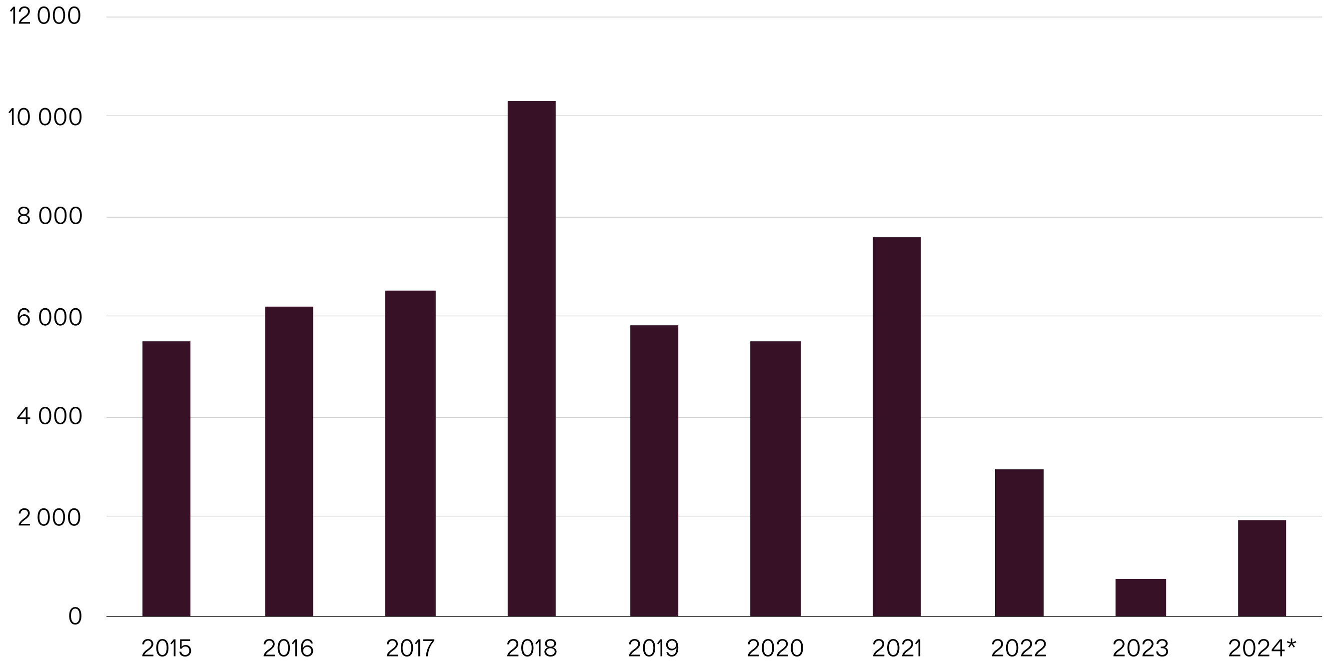
- Agaia, approx. 2 400 m^2 of storage at Hans Kiærsgate 4.
- Guidant, approx. 1 700 m of office space at Sentralen Kongsberg.
- HAB, approx. 1 600 m^2 of health related space at Drammen Helsepark.
- BHM, approx. 1 000 m of health related space at Drammen Helsepark.
- Nellemann Machinery, approx. 1 200 m^2 at Høvik Næringspark.
- Ahlsell, approx. 2 400 m^2 at Høvik Næringspark.

The Investment Market

The Drammen investment market saw a low transaction volume of NOK 750 million in 2023, though the 2024 YTD volume has already reached NOK 1 170 million. Financing challenges remain, and few office transactions are confirmed. However, there is active interest in mixed-use properties with high yields and potential for value-add strategies. Additionally, grocery assets have traded at cap rates around 6.5 % in Kongsberg and close to 6 % in Drammen.

Larger investors, including syndicates, are primarily active on the buy side, while local players lean towards selling. The interest rate level is a significant factor in investment decisions, with partnerships and joint ventures becoming more common.

Annual transaction volume Drammen in NOK million



*As of 24 October.

Source: Malling

Office Investment Market

The office investment market in Drammen has been quiet, but investor interest persists for properties near transport hubs such as Strømsø Torg and Bragernes Torg. Investors prefer central buildings that offer straightforward upgrades rather than full renovations, especially where current rents are lower than market analysis suggest. Prime office yields are estimated around 5.9 %, with significant differences outside the Bragernes and Strømsø Torg areas.

Logistics and Mixed-Use Investment Market

The transaction market for warehouse/logistics and mixed-use properties, which is particularly prevalent in the Drammen area, has seen greater activity than the office market. Investors are especially interested in properties with yield levels above 7%, although some transactions have closed at slightly lower yields. There is also notable investor interest in development plots with prime locations along the E18 corridor. However, finding buyers for development sites between Øvre Eiker and Kongsberg has recently been more challenging, though this trend could shift.

> «However, there is active interest in mixed-use properties with high yields and potential for value-add strategies».

Schweigaards gate 28, Oslo

Malling & Co Eiendomsutvikling is managing the project on behalf of Reitan Eiendom AS. The project is a tenant adaptation for “Riksantikvaren” and consists of approximately 4 000 m^2 distributed over three floors.

Bergen

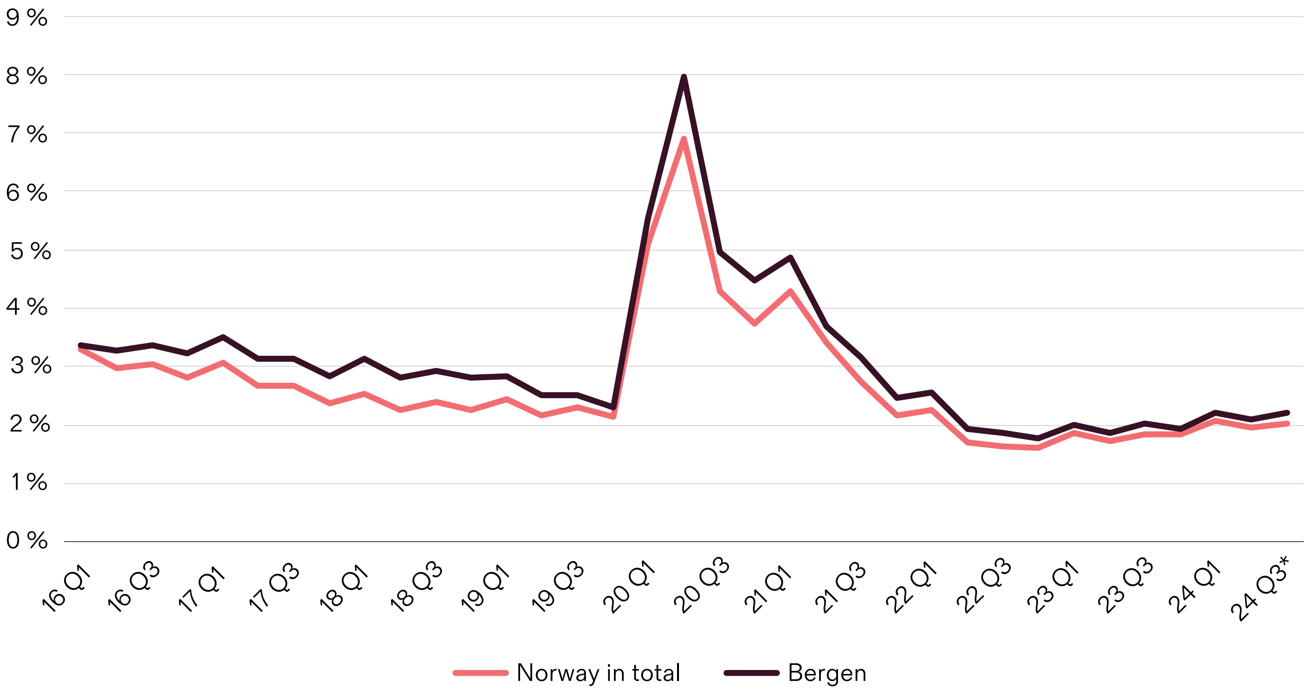
Bergen Office Market - Lagging Behind, But Optimism on the Rise

The Bergen office market shows resilience despite slowing employment growth. Rents have surged, with top-tier spaces approaching 4 000 NOK/m^2/year, driven by rising construction and financing costs rather than new supply. Office vacancy remains stable at 8.6 %, with expectations of a slight decline due to limited new construction and residential conversions of older buildings. The supply side is tightening, with annual new office space additions projected to drop significantly compared to previous years. While transaction volume has dipped in line with rising interest rates, market optimism is on the rise. Investor sentiment signals a potential upturn in market activity. The prime yield stands at 5.25 %, with a flat trend anticipated in the near term.

Little Support from the Employment Figures

Employment growth in Bergen has significantly decreased after strong growth in the wake of the Covid-19 pandemic. As of Q2 2024, the number of employees across all sectors in Bergen municipality has increased by 0.8 % over the last 12 months. The corresponding figures for the private and public sectors (municipal and state administration) are 0.4 % and 1.5 %, respectively. Thus, employment growth is higher in the public sector than in the private sector, and the demand for office space in the Bergen market is receiving little support from employment figures.

Registered unemployment in Bergen and Norway (incl. temporary lay-offs), %



*As of September 2024.

Source: NAV (Norwegian Labour and Welfare Administration)

This section has been provided by WPS Næringsmegling in Bergen.
To check out more details about the CRE market in Bergen → **click here**

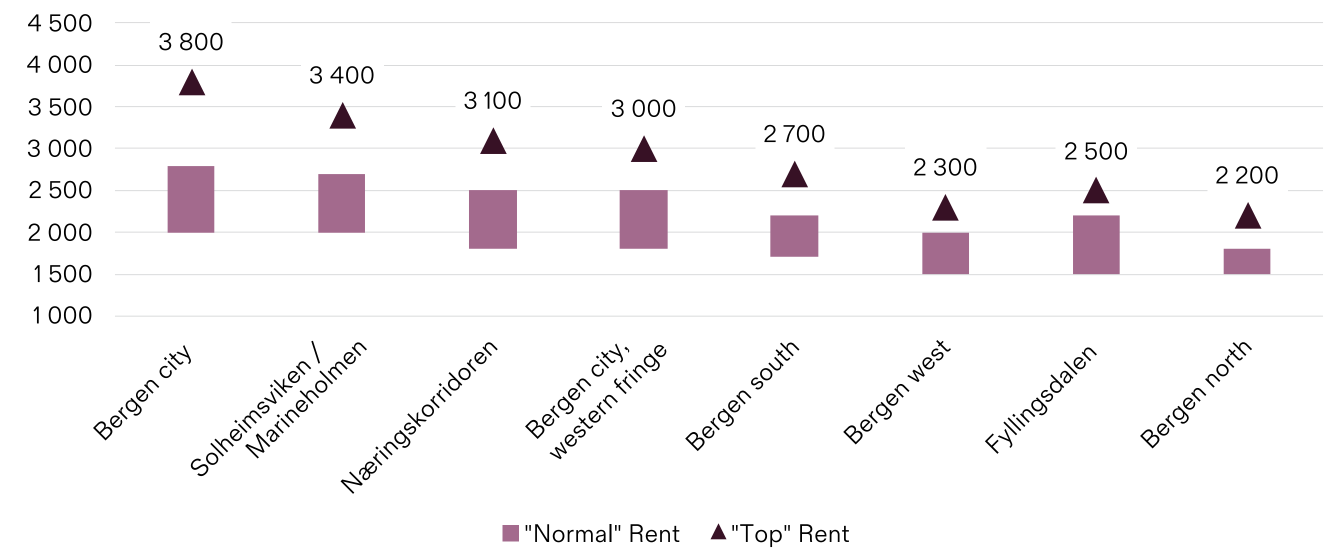
Top Office Spaces Approach 4 000 NOK/m²/year

Based on Arealstatistikk's rent statistics for the first half of 2024, we are recording a strong increase in rents for both the top and normal segments, with both segments being 11 % higher than the previous year. The average rent for the top 15 % of lease contracts is now approximately 3 500 NOK/m²/year, while the 50-85 % best lease contracts are at about 2 800 NOK/m²/year.

Historically, high supply of new buildings with central locations, especially in Bergen city centre, has resulted in a significant increase in top rents. We particularly observe this in the years 2014 and 2021 in the rental price graph. The rent increase in 2024 is mainly due to higher rents on existing spaces. This is driven by rising construction costs, higher financing costs and increased yield demands, which raise the marginal cost of new buildings, allowing landlords to increase rents on existing spaces. For the coming years, there are relatively modest new construction figures, but increased construction and financing costs will continue to push up rental prices for the best spaces. Regarding rents for the second-best office spaces, i.e., the normal rent, we also anticipate an increase in the next few years, driven by high construction and financing costs, lower office vacancy and limited competition from new buildings.

Looking at the different areas, we find the highest rent levels in the city centre and the central areas along the light rail line. We have adjusted the indicative top rent for the best office spaces in Bergen city centre to 3 800 NOK/m²/year, and it is now not far from breaking the 4 000 NOK/m²/year threshold.

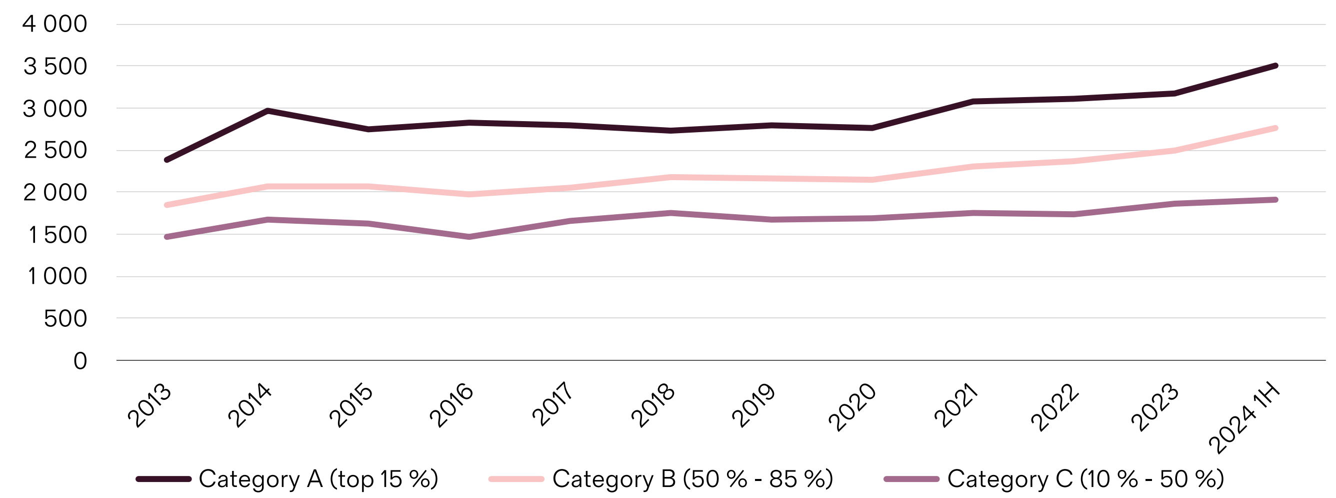
Indicative office rents in Bergen (NOK/m²/yr)



See definition of prime and nomal rent at page 30.

Source: WPS Næringsmegling

Average nominal office rents in Bergen (NOK/m²/yr)



Source: Arealstatistikk

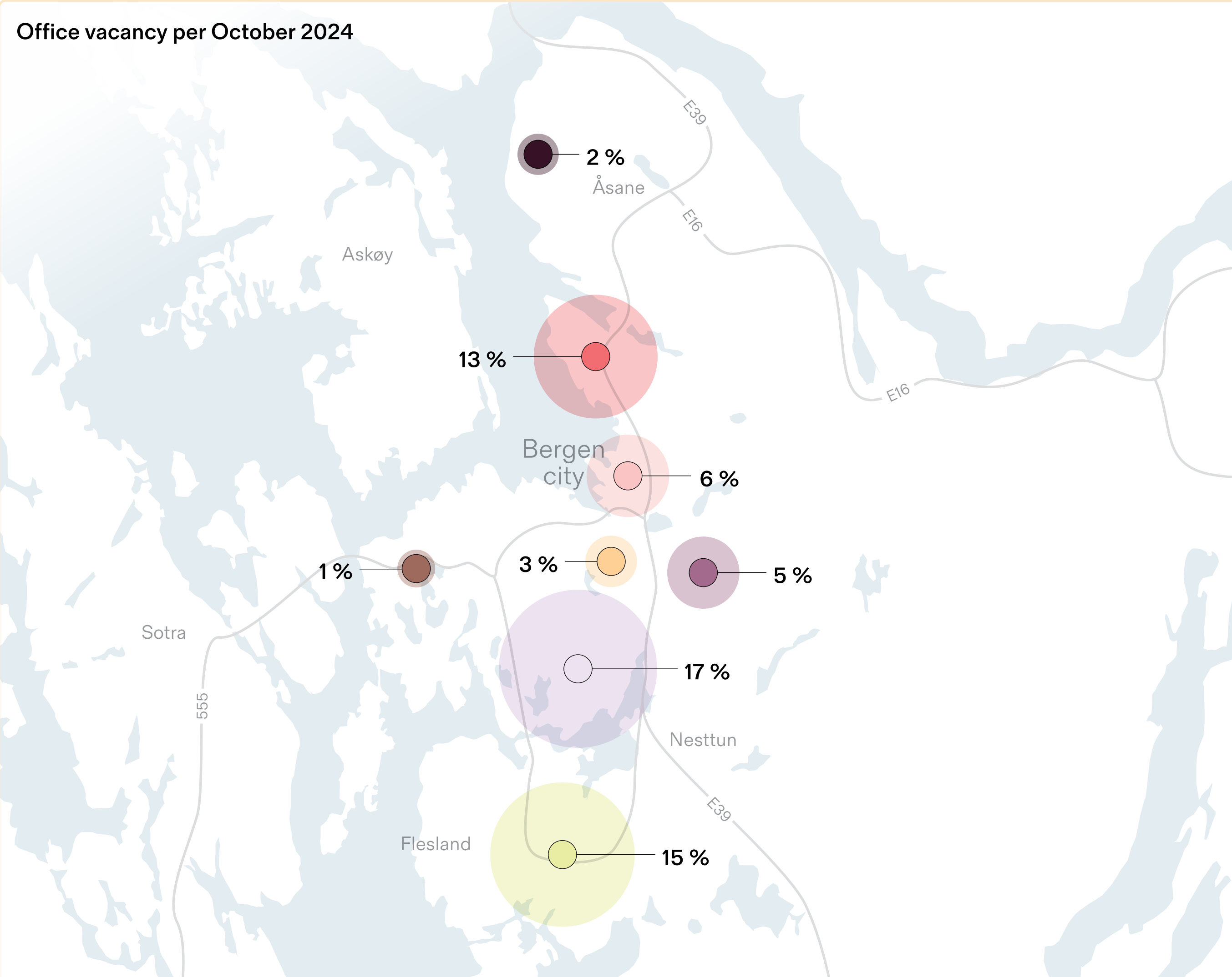
Bergen Office Vacancy Stable at 8.6 %, Expected to Decline

The excess demand for office space in the city centre and along the light rail line is also reflected in the vacancy rates, with Næringskorridoren, Solheimsviken/Marineholmen and Bergen city among the areas with the lowest vacancy.

The most positive changes in vacancy rates are observed in Bergen city - western fringe and Næringskorridoren, where office vacancy in both areas has decreased by approximately 1 percentage point since our previous survey in May. On the other end of the spectrum, vacancy in Sandviken continues to increase, now standing at 12.9 %. Sandviken is the smallest office district measured in square meters, and PwC's confirmed relocation significantly impacts the vacancy level for the area.

Since 2017, office vacancy in Bergen has remained at a stable level, between 8 % and 9 %. As of Q3 2024, the office vacancy rate in Bergen is 8.6 %. Over the next three years, we anticipate a slight reduction in office vacancy, with our forecasts indicating that the vacancy rate will approach 8 %. These projections are based on low new construction volume, several older buildings being converted into residential development projects, primarily in Sandsli and Næringskorridoren, as well as stable demand for office space.

Office vacancy per October 2024

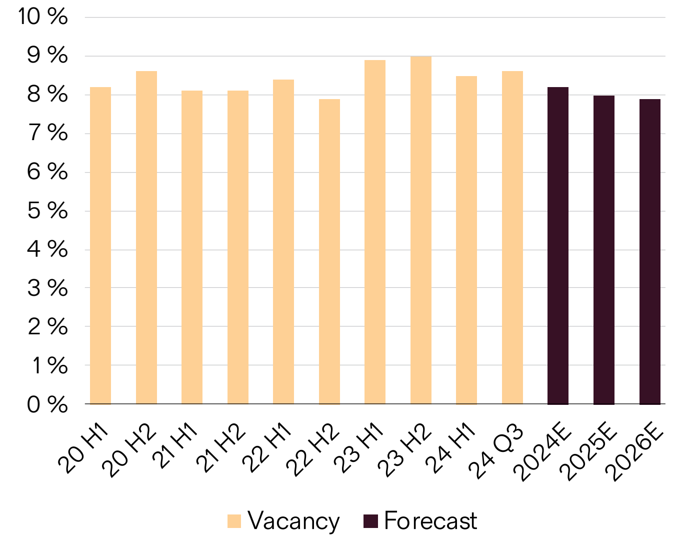


Total office vacancy* = 8.6 %

Bergen north · Sandviken · Bergen city · Solheimsviken/Marineholmen · Næringskorridoren · Bergen west · Fyllingsdalen · Bergen south

*See page 43 on how we measure vacancy.
Source: WPS Næringsmegling

Vacancy and forecast, %



Source: WPS Næringsmegling, Finn.no

«Over the next three years, we anticipate a slight reduction in office vacancy, with our forecasts indicating that the vacancy rate will approach 8 %».

Tight Supply Side

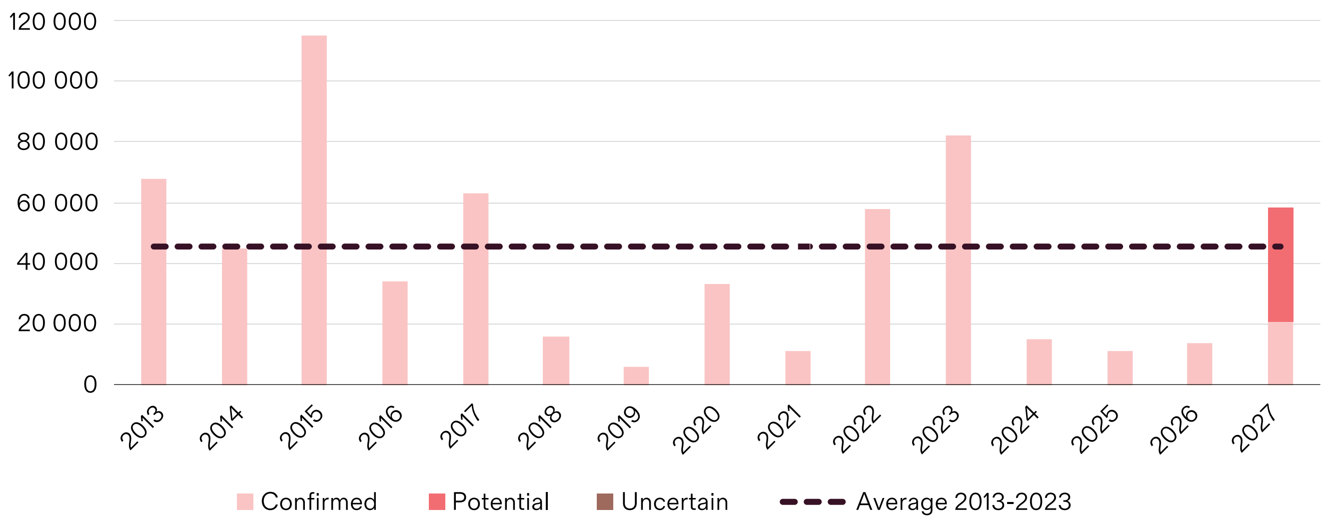
Over the next three years, we anticipate a significant reduction in the supply of new and fully refurbished office buildings, with an average annual addition of approximately 15 000 m² of new space to the Bergen office market. Compared to the average annual supply of about 46 000 m² for the period 2013-2024, these figures are modest. The increase in construction and financing costs, coupled with higher yield levels, is challenging the profitability of development projects and putting pressure on the rental rates that property developers need to achieve a satisfactory return.

Regarding the geographical location of new constructions and fully refurbished buildings, the largest additions will take place in Bergen city centre. Furthermore, new buildings are also expected in Næringskorridoren and Solheimsviken/ Marineholmen over the next three years.

Another factor that will impact the office market in the coming years is the planned conversion of older, outdated office buildings into residential development projects. Many of these buildings currently have significant vacancy rates, and when demolished, both the building area and the vacancy will be removed from the total office space. Consequently, we will see a lower office vacancy rate due to an increased share of residential conversions.

We anticipate a 'tight' supply side for the Bergen office market in the coming years, with limited new construction and a number of older office buildings being converted into residential development projects.

Newbuilds and refurbished office space in Bergen, sum m²



Source: WPS Næringsmegling

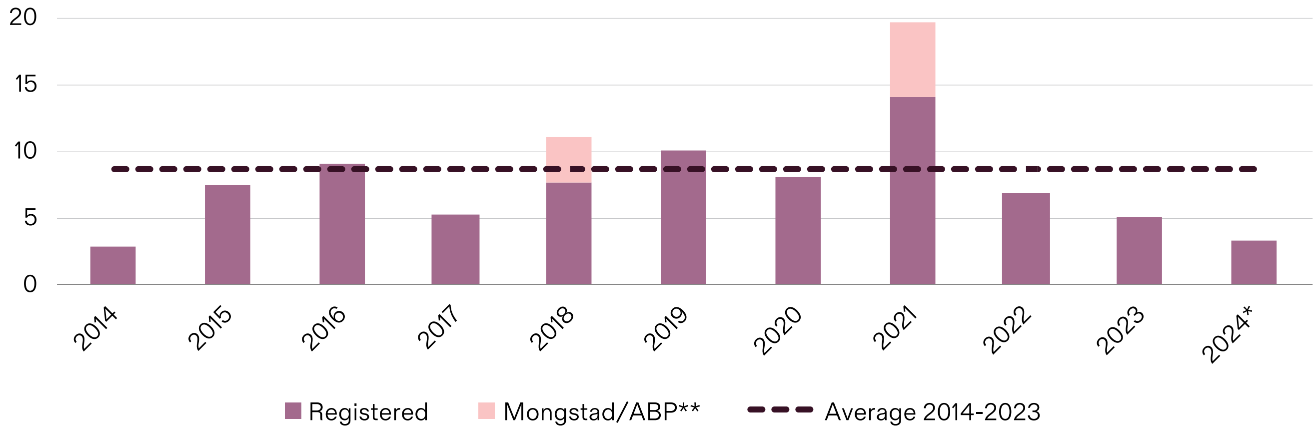
Transaction Volume Dips, But Optimism Rises

The transaction volume in Bergen has gradually decreased in recent years, in line with rising interest rates. So far this year, we have recorded a transaction volume of NOK 3.4 billion, spread across 20 transactions. This is below a 'normal year' in the transaction market, and since 2016, only the first half of 2020 was a weaker transaction period. As known, the first half of 2020 has shown heavily impacted by the Covid-19 pandemic, where all of Norway, including the commercial real estate market, more or less came to a standstill. However, we have noticed a significantly increased optimism in the transaction market since summer, and an increasing number of real estate investors are now signaling that they are actively looking for investment opportunities.

In the WPS Sentiment Survey for Q3 2024, 69 % of investors stated that they will be net buyers of commercial real estate over the next 12 months. Compared to the same time last year, Q3 2023, this is an increase of 19 percentage points, indicating that buying interest in the transaction market is on the rise. Transaction activity in the national market has passed its lowest point, and one seems to perceive the beginning of a 'comeback' for the transaction market. We believe transaction activity in Bergen will increase in the coming period due to expectations of interest rate cuts, where lending rates have come down, and hopefully less market uncertainty.

Regarding who is buying and selling in today's market, the largest purchases so far this year have been made by national real estate companies with solid liquidity and strong balance sheets. However, most purchases have been made by local companies, representing nearly 50 % of the total purchase volume. After a few years with an increased share of foreign buyers, these are almost absent in the current year. On the seller side, we have both local and national real estate companies, both accounting for just below half of the sales volume each.

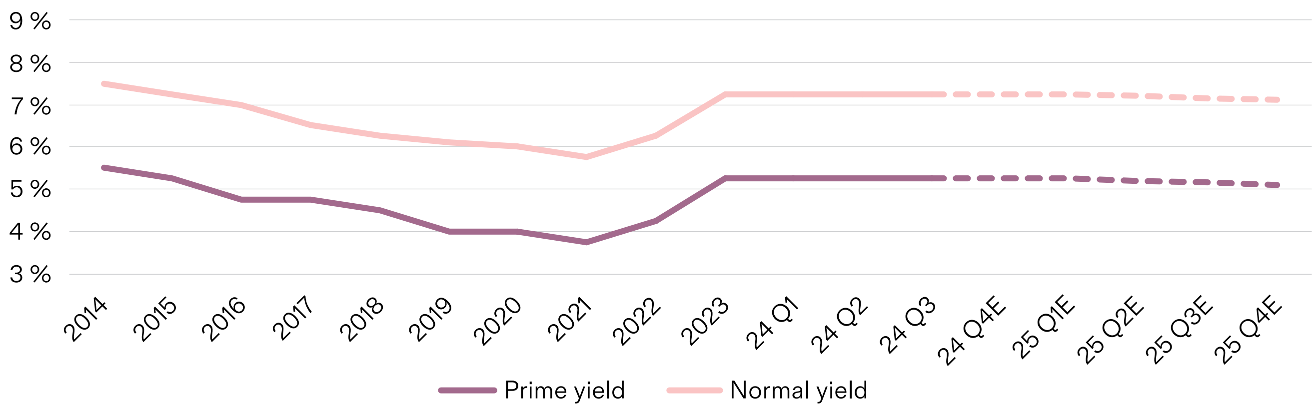
Annual transaction volumes in Bergen in NOK billion



*Registered YTD 24 October 2024. **2018: Mongstad Supply Base sold from EQT to ABP (owned by HitecVision).
2021: ABP sold from HitecVision to Fastighets AB Balder (estimated region Bergen).

Source: WPS Næringsmegling

Office yield development in Bergen, %



Source: WPS Næringsmegling

Kirkegata 20, Oslo

Malling & Co Property Partners has sold Kirkegata 20 to Höegh Eiendom, an office development project in Oslo city centre of approx. 8 100 m^2.

Trondheim

Growth and Stability in the Market in 2024

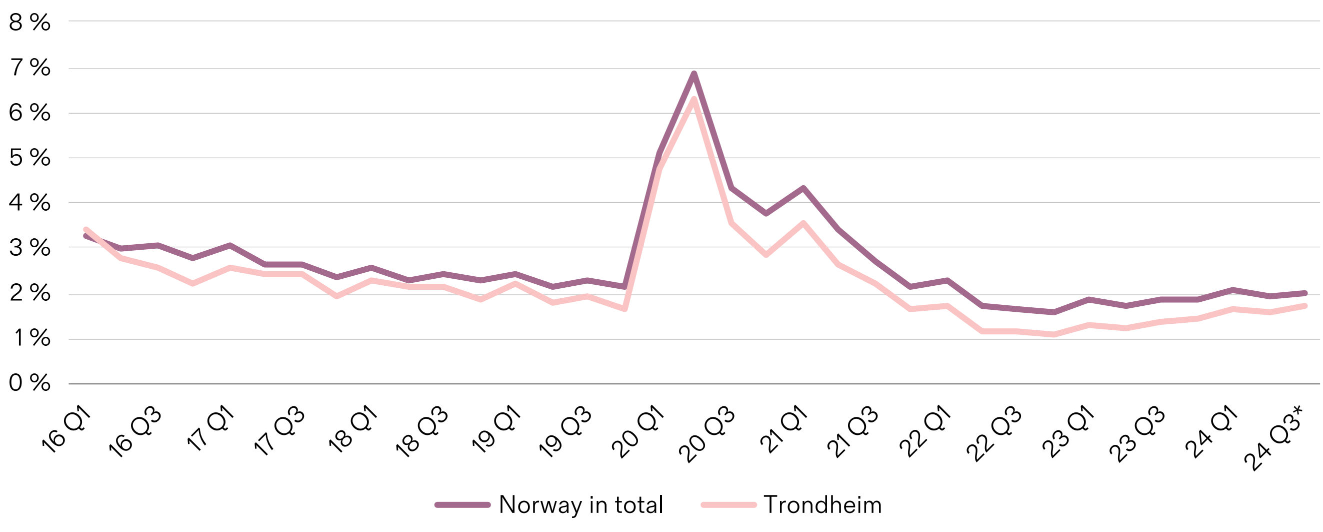
Trondheim's commercial real estate market has exhibited robust growth and stability in 2024, driven by high demand, low unemployment and record transaction volumes across key property sectors. Office rental activity remains stable with increasing rents, particularly within the prime segment in the city centre, while office vacancy has declined slightly. However, due to several new developments in the pipeline, vacancy rates are expected to rise moderately before stabilizing. The investment market has achieved a record-high transaction volume, primarily due to a few major property transactions.

Strong Employment Market

For the past two years, Trondheim has been one of the cities in Norway with the lowest registered unemployment rates, standing at 1.7 % in September 2024, according to the Norwegian Labour and Welfare Administration (NAV). At this level, Trondheim has the lowest unemployment rate among the largest cities in Norway. Although there has been a slight increase since the record-low level of 1.1 % unemployment in Q3 2022, figures are still significantly below the national average of 2.0 %. As the graphs for unemployment in Trondheim and Norway overall show, the rate has consistently been below or in line with the national rate. The diversified business and sector mix in Trondheim similar to the countrywide composition explains high correlation between nationwide and local indicators. A resilient employment market forecast for the country, should hence be in line with a strong outlook for Trondheim. As seen in the Macro Global chapter, the employment growth in Trondheim from Q2 2023 to 2024 was measured at 0.9 %, stronger than both the country average and Oslo.

In the report from May, we noted that the last two reports from the Norwegian central bank's regional network indicated that the Trøndelag region was somewhat more pessimistic about the economic situation compared to the rest of the country. This trend has continued, and the Trøndelag region remains among the most pessimistic regions in the regional network report from Q3 2024, although most regions are relatively neutral.

Registered unemployment in Trondheim and Norway (incl. temporary lay-offs), %



*As of September 2024.

Source: NAV (Norwegian Labour and Welfare Administration)

This section has been provided by Norion Næringsmegling in Trondheim.
To check out more details about the CRE market in Trondheim → **click here**

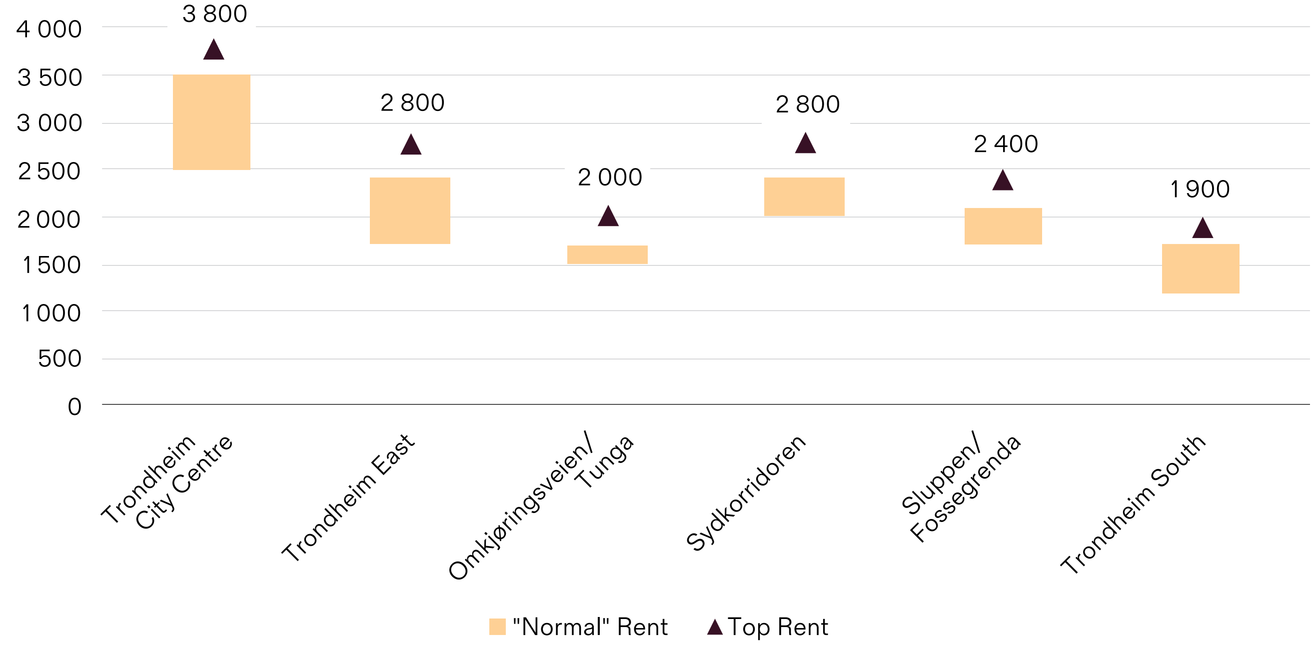
NORION NÆRINGSMEGLING

A Strong Office Leasing Market

The activity in the office leasing market has been stable since the previous report, with rents gradually increasing. We expect this trend to continue, as rents remain at a moderate level compared to other comparable cities in Norway. In our latest review of the office leasing market (September), we noted a moderate decrease in vacancy. Considering that many new premises were added in Trondheim throughout 2023, this indicates a continued strong demand for office spaces.

Office rents have been steadily increasing in all categories (A, B and C) since 2019. There is still strong competition between areas, as price differences remain small, except for Trondheim City Centre. The top rent in Trondheim is now 3 800 NOK/m²/year, up from 3 000 NOK/m²/year two years ago. This indicates that top rents have increased more than average rents over the past two years, with a 27 % increase in top rents compared to a 10 % increase in category B rents.

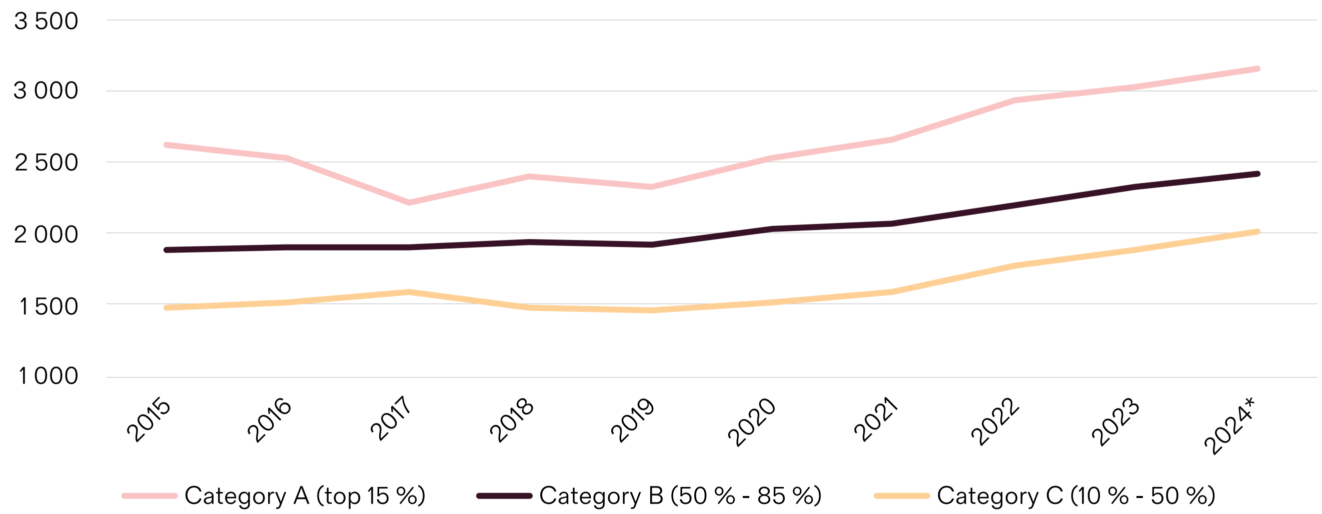
Indicative office rents in Trondheim (NOK/m²/yr)



See definition of prime and nomal rent at page 30.

Source: Norion Næringsmegling

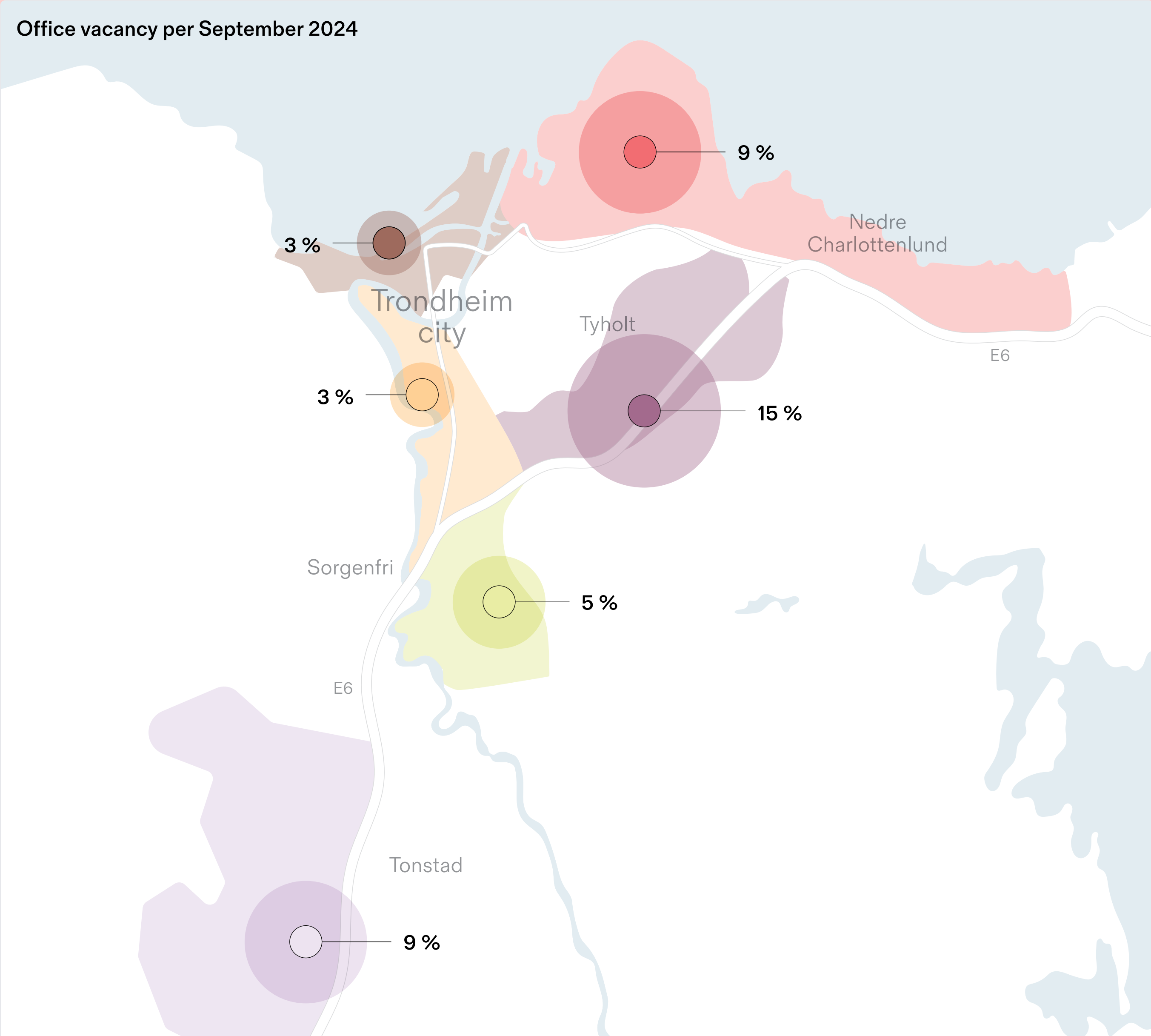
Average nominal office rents in Trondheim (NOK/m²/yr)



*Per H1 2024.

Source: Arealstatistikk

Office vacancy per September 2024



Total office vacancy* = 6.6 %

*See page 43 on how we measure vacancy.

Source: Norion Næringsmegling

Indicative office rents in Trondheim (NOK/m²/yr) and vacancy (%)

	Area	From	To	"Normal" rent	Top rent	Vacancy
	Trondheim City Centre	2 500	3 500	1 000	3 800	3.1 %
	Trondheim East	1 700	2 400	700	2 800	9.1 %
	Omkjøringsveien / Tunga	1 500	1 700	200	2 000	15.1 %
	Sydkorridoren	2 000	2 400	400	2 800	3.5 %
	Sluppen / Fossegrenda	1 700	2 100	400	2 400	5.7 %
	Trondheim South	1 200	1 700	500	1 900	9.3 %

Source: Norion Næringsmegling

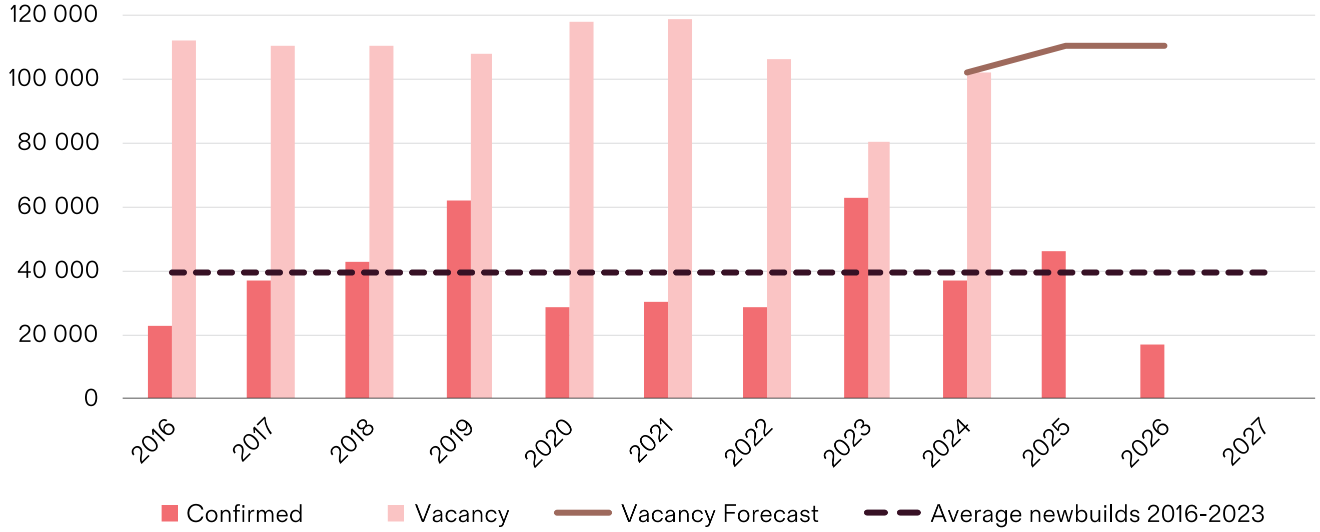
Low Vacancy and Moderate New Developments

Since our last vacancy measurement in February 2024, we have observed a moderate decrease in the office vacancy rate. However, the vacancy rate is still higher than the lowest levels recorded in 2023. This increase is primarily due to a significant number of new builds adding supply to the market, while the decrease in vacancy since February 2024 indicates a strong rental market able to absorb new space. The number of new builds this year and projected for 2025 remains high, and we believe that more square meters will be added to the market than can be absorbed going forward. The challenge is not to let new buildings, but reletting vacated spaces in existing buildings as tenants move to the new properties. Overall, we expect vacancy to increase somewhat during 2025 before stabilizing at around 6.6 %. As of today, no new buildings are planned for completion in 2027/2028. We believe the timing for completing new builds during this period could be favourable considering rental potential and future increase in activity.

When examining vacancy rates in different areas of Trondheim, Sydkorridoren and Sluppen have emerged as the most attractive office locations so far this year. Vacancy in these areas has decreased from 4.5 % and 9.0 %, to 3.5 % and 5.7 %, respectively, during 2024. Conversely, vacancy has increased in Trondheim East and Omkjøringsveien/Tunga, primarily due to 12 000 m^2 vacated in Tungasletta 2 and approximately 3 500 m^2 vacated in Travbanevegen 2.

Based on our data, the total number of new builds over the next three years (including 2024) is projected to be 97 000 m^2: approximately 38 000 m^2 for 2024, 42 000 m^2 for 2025 and 17 000 m^2 for 2026. We have registered close to 100 % occupancy rate for the new builds in 2024 and a 60 % joint occupancy rate for the new builds in 2025 and 2026. This results in a vacancy of approximately 39 000 m^2 for the total volume of new builds in the coming years. As mentioned earlier, we believe the added space will cause an increase in vacancy before it stabilizes during 2026 as building activity is expected to decrease. When examining the number of square meters in leases with growth potential expiring between 2026 and 2028, we anticipate vacancy rates to start declining again if no new supply occurs in those years.

Vacancy, newbuilds and forecast, m^2



Source: Norion Næringsmegling

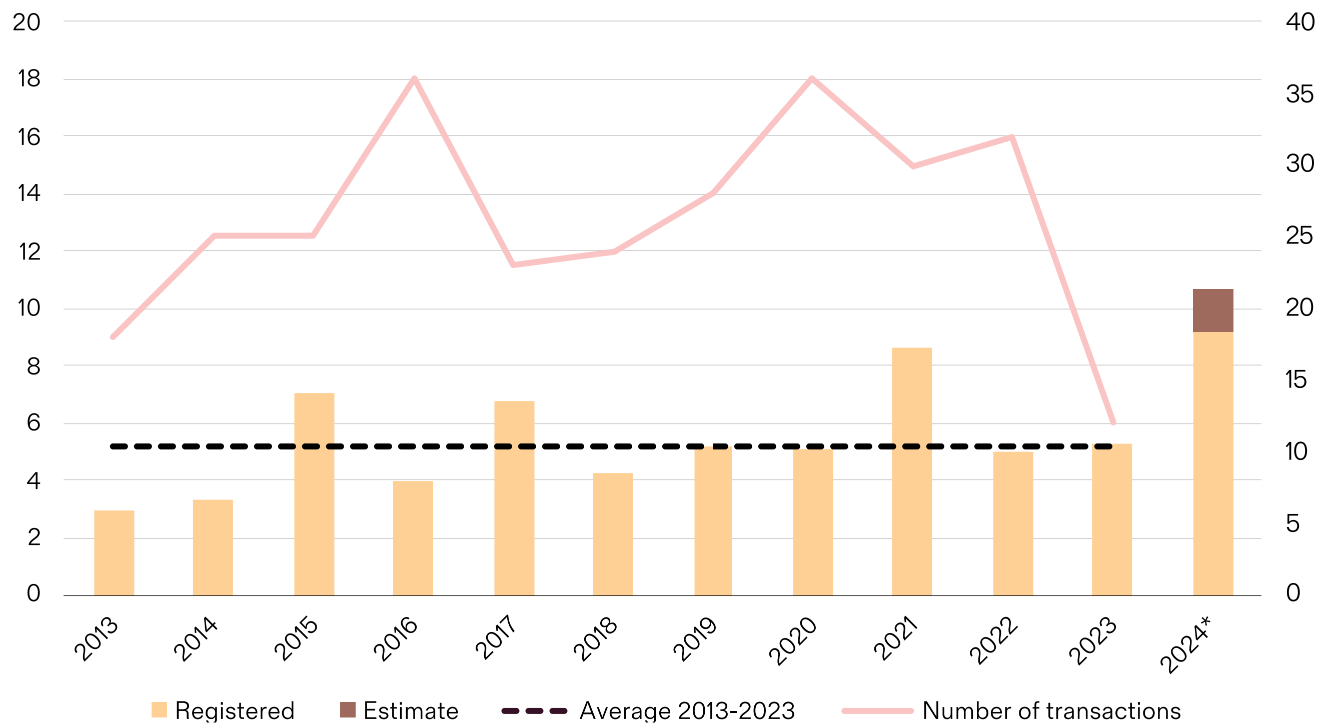
«We expect vacancy to increase somewhat during 2025».

Investment Market Set to Increase

The investment market of 2024 has so far been characterized by a few large transactions, particularly within the office and logistics segments. Including the Entra deal and the KMC Properties transaction (only accounting for properties located in Trøndelag), we have recorded a total transaction volume in Trøndelag of approximately NOK 9.1 billion this year, marking an all-time high. These transactions alone constitute 85-90 % of the total volume. In addition to these two major deals, we have registered 10 other transactions with a combined volume of approximately NOK 1 billion. For the remainder of the year, we estimate that the total transaction volume will reach approximately NOK 10.5 to 11 billion by year-end.

Looking ahead, we believe that uncertainty regarding future interest rate levels has been somewhat alleviated, leading us to maintain our prime yield estimate at 5.5 %. The seemingly increased predictability concerning future interest rate and yield levels should reassure both investors and financial institutions to engage in a more active investment market as we move into 2025. This trend is hence in line with the national trends.

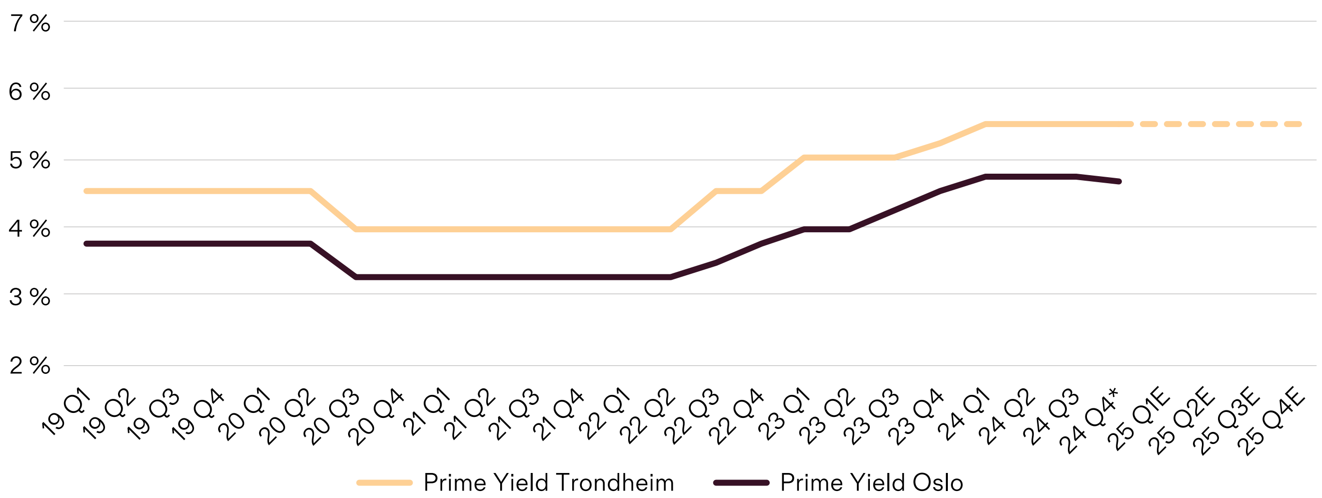
Annual transaction volumes in Trondheim, NOK billion



* Registered YTD 24 October 2024.

Source: Norion Næringsmegling

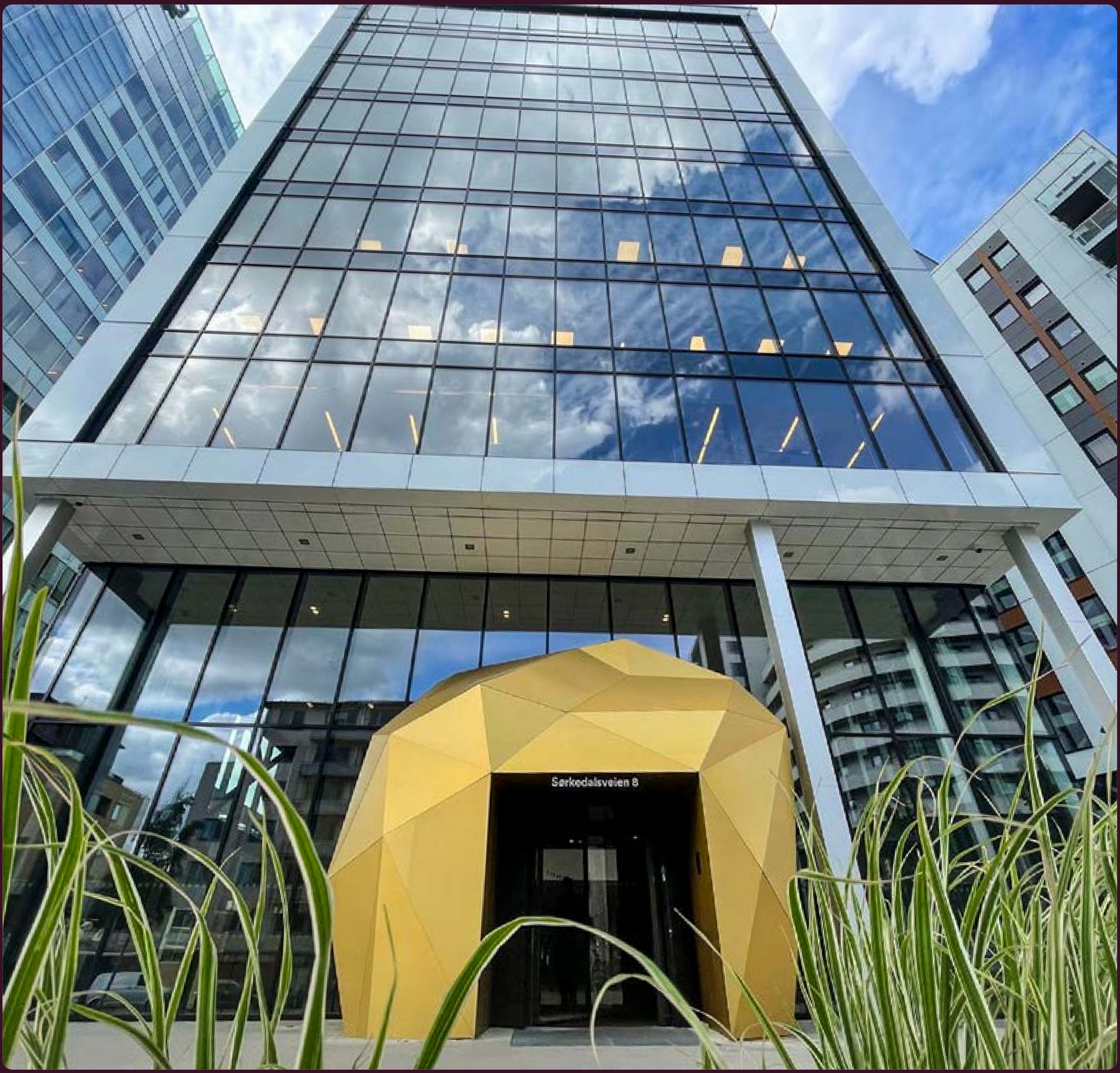
Office yield development, %



*As at 24 October.

Source: Norion Næringsmegling

Sørkedalsveien 8, Oslo



Malling & Co Næringsmegling was engaged by Oslo Pensjonsforsikring AS as broker in connection with the renegotiation of the lease agreement to Bouvet Norge AS, in Sørkedalsveien 8. Bouvet leases 8 000 m^2 for 10 new years where the parties have entered into an agreement on extensive reuse from a sustainability perspective.

About Malling

Established in 1964, Malling is the leading commercial real estate adviser in Norway. Our range of services covers all segments and the whole value chain of commercial properties.

Our most important task is simply to enable our clients to achieve the full value potential of their commercial properties. Our services cover everything from ensuring smooth operations for tenants, to getting the most from a leasing or sales process.

Our experience and expertise cover all the commercial real estate segments including office, retail, logistics, industrial, hotel and mixed-use properties.

We find that we provide the very best services when we can combine experience and expertise from several of our business areas in connection with the execution of assignments on behalf of our clients.

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