

# Norway - Oslo

## Key Performance Indicators (Q2 2022)

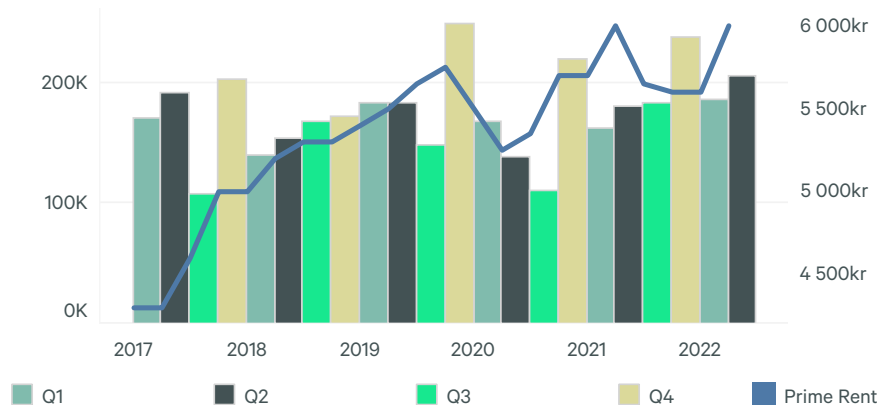
<p>Prime Yield</p> <p><b>3,30%</b></p> <p>Expected Investment Returns Change YoY: 0,05% pts</p>	<p>Prime Rent</p> <p><b>6 000kr</b></p> <p>Yearly, per sq m Change YoY: 0,00%</p>	<p>Average Rent</p> <p><b>2 550kr</b></p> <p>Yearly, per sq m Change YoY: 7,84%</p>
<p>Take Up</p> <p><b>205K</b></p> <p>Square Meter 391K Year2Date</p>	<p>Vacancy Rate</p> <p><b>5,28%</b></p> <p>Percentage of Stock vacant Change YoY: -1,79% pts</p>	<p>Typical Lease Terms</p> <p><b>3-5 years</b></p> <p>Typical Rent Free Period 0-6 months</p>
<p>Completions</p> <p><b>—</b></p> <p>Square Meter - Year2Date</p>	<p>Total Stock</p> <p><b>10 178K</b></p> <p>Square Meter 9 641K Occupied Stock</p>	<p>Forecast Completions</p> <p><b>85K (2022)</b></p> <p>Square Meter 171K (2023) // 145K (2024)</p>

The Oslo office market is faring well despite increased uncertainty. Economic activity has slowed down, and GDP expectations have been continuously revised downwards since the start of the year. CBRE is currently forecasting a GDP growth of 1.6 percent in 2022. CPI inflation has continued to rise and was registered at 6.8 percent in July. We expect average annual inflation to come in at 6 percent for 2022 in total, before falling below 3 percent in 2023.

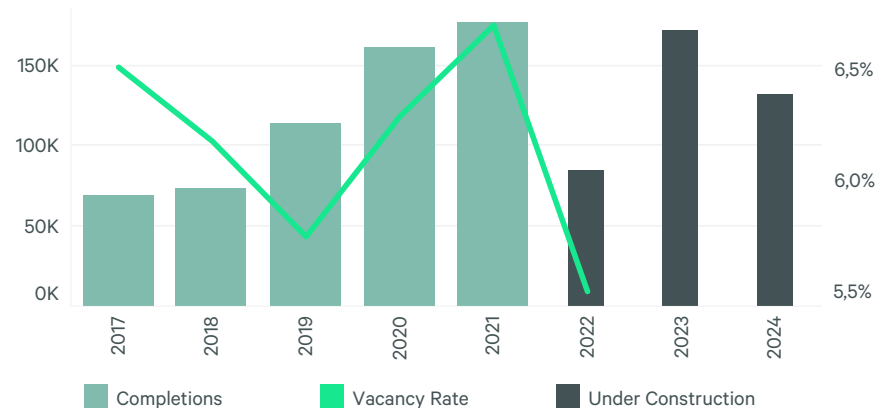
Leasing activity continues to thrive, as take-up in Q2 increased by 13.6 percent YoY. Take-up of 205,240 sqm is the strongest second quarter since 2013. Strong demand for office space and elevated inflation keep putting pressure on rental levels. Average office rent in Oslo is up 2.1 % QoQ and 8.5 % YoY, the strongest annualized growth level since 2017. Average grade A office rent has increased by 1.3 % QoQ and 4.9 % YoY. We forecast that rental growth will remain high throughout both 2022 and 2023. Prime rent has moved back to the all-time high level of NOK 6,000, and we see the potential for further growth over the coming year.

Oslo office vacancy decreased 40 bps from 5.7 to 5.3 percent in the second quarter, falling below pre-pandemic levels. Vacancy has been steadily compressing since the peak of 7.1 percent in Q2 2021. We expect the trend to continue in the short term but could be under pressure by speculative developments coming into the market in the coming years. We forecast that completions will fall to 85,000 sqm in 2022, where about 80 percent are pre-let. In 2023, we forecast completions to rise to 171,000 sqm, where about 64 percent are currently pre-let. These numbers include both new and redevelopments.

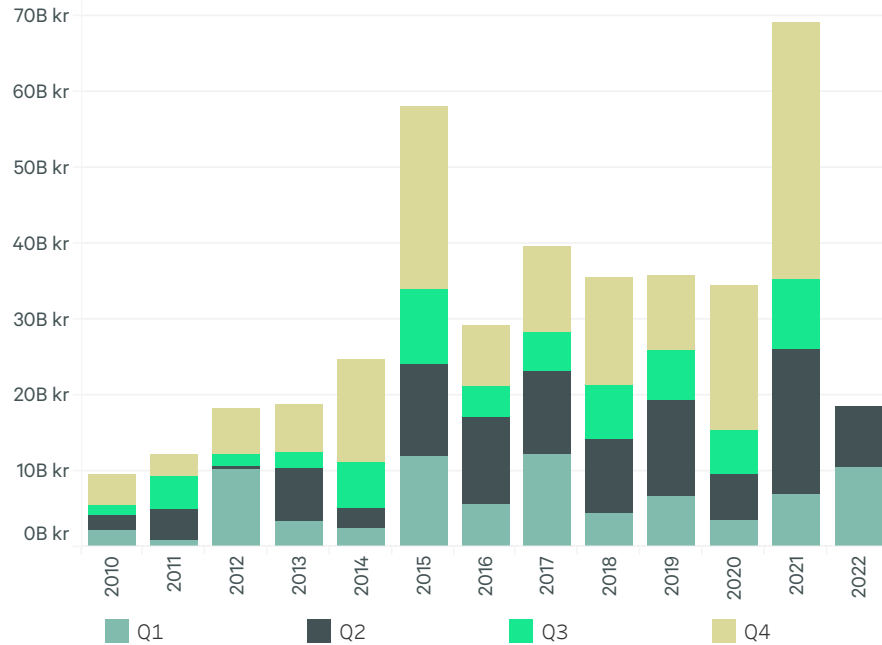
Market Trend (Take-Up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Norway Office Investment Volumes



The Norwegian CRE investment market activity has been gradually more affected by rising interest rates to deal with the high inflation. The Norwegian central bank is forecasting the Key Policy Rate (KPR) to increase from the current level of 1.25 percent to 3 percent by the next summer. The increased cost of capital for investors has already had an upwards effect on yield levels. We expect office yields to continue to edge upwards in the coming months.

Office investment volume reached NOK 8.0 billion in Q2 2022, about 27.5 percent of the total CRE investment market. The reduction in investment activity is evident by the QoQ growth of -21.4 percent and YoY growth of -58.1 percent. For H1 in total, the office investment volume is down 30.1 percent YoY. Although investment activity has deflated compared to 2021, the activity level is close to the average office investment volume in 2015-2019.

Q2 2022 saw no portfolio deals of significant value, but the most notable office transaction was Reitan Eiendom's acquisition of 50 % of the 29,000 sqm Fridtjof Nansens vei 12 & Essendropgate 3 at Majorstuen, Oslo.

Contacts

**Lars Haugen**  
Senior Analyst  
(+) 47 47 37 65 25  
lars.haugen@cbre.com

**Amanda Welander**  
Head of Research Nordics  
(+) 46 73 349 87 57  
amanda.welander@cbre.com

© Copyright 2022. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

