

Market Update Nov 12

Issue 5/12



Commercial Property in Norway

▪ Macro Economics

It remains difficult to get financing from the banks due to Basel III and the new capital requirements that it has imposed on the banks. As a result of this the bond market has experienced a large increase in the number of companies who have chosen bonds in order to secure their financing. Bonds have not only enabled the companies to secure their loans for longer periods of time, but in many cases also to a lower spread than the banks have been willing to offer.

▪ Sales Market

The sales market remains strong despite the difficulties with getting financing from the banks. This is helped by the large number of housing related transactions that are taking place. In 2012 these transactions represent 25-30% of the total volume, significantly higher than the historic average of 5%. There have been several large transactions lately the largest one has been done by Peter Stordalen with a group of investors who recently acquired a MNOK 7 billion retail portfolio from Sektor Gruppen AS.

▪ Rental Market

CBD is continuing to experience increasing prices and is expected to see 5-10% growth annually over the next two years, while the rest of the market seems to be flattening out. The biggest drop in vacancy has taken place in Nydalen where it has decreased from proximately 15% to 5%. This sudden decrease in vacancy is mainly due to a few large contracts, including the University in Oslo and Opera Software.

▪ International News

Over the last couple of months the international markets have changed their focus from the Euro zone towards the US and its fiscal cliff. It is feared that the combination of the increased taxes and decrease in government spending will result in the US GDP decreasing by up to 4% in 2013, this could send the economy into a recession unless the politicians manage to act and come to an agreement in order to find a solution.

Key Figures

Macro Economics:

Central Bank Rate	1.50% (Source: NB)
CPI/Inflation—1yr	+0.5% (Source: SSB)
Change Aug/Nov	-0.5% (Source: SSB)
Building Cost Index 1yr	5.5% (Source: SSB)

Rental Market:

CBD Prime (avg)	3.900 NOK/m ²
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Sales Market:

Yield prime office	5.25%
10yr SWAP	3.20%
10yr nor. gov. Bond	2.14%

Norway in Numbers

Population:	5.038.100
GDP:	NOK 2.523 billion
GDP per capita:	NOK 555.202
Unemployment:	3.0% (Source: SSB)
House price index:	7.0% (Source: SSB)
Conversion:	US \$1 = NOK 5.68 €1 = NOK 7.22

About NAI FirstPartners

NAI FirstPartners is a full-service commercial property agency in Norway with offices in Oslo, Stavanger and Tromsø. We employ a total staff of 21 professionals and specialise in Leasing Agency, Investments, Tenant Representation and Valuations.

We are part of NAI Global, one of the world's leading providers of commercial real estate services. Together we connect people and resources wherever needed to deliver outstanding results for our clients.

NAI Global consists of 350 Offices in 55 countries with 5,000 professionals and a \$45 billion annual transaction volume worldwide.

Norway - Oslo

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Rental data:

Property	NOK net rent m2 / year		
Office	10% lowest	10% highest	Average
CBD	2 500 ▶	3 900 ▶	2 900 ▶
Sentrum	1 600 ▶	2 800 ▶	1 900 ▶
Skøyen	1 700 ▶	3 000 ▶	2 000 ▶
Lysaker	1 400 ▶	2 200 ▶	1 700 ▶
Nydalen	1 300 ▶	1 900 ▲	1 600 ▶
Helsfyr/Bryn	1 200 ▶	1 900 ▶	1 500 ▶

Industrial

Warehouse			
Category A	700 ▶	1 150 ▶	1000 ▶

Retail

City Centre			
Category A	5 000 ▲	18 000 ▶	7 000 ▲

Definitions:

10% lowest: May need significant refurbishment

10% highest: Top standard and best location

Warehouse Category A: High quality/new buildings in 30 km radius from Oslo centre.

Sales data:

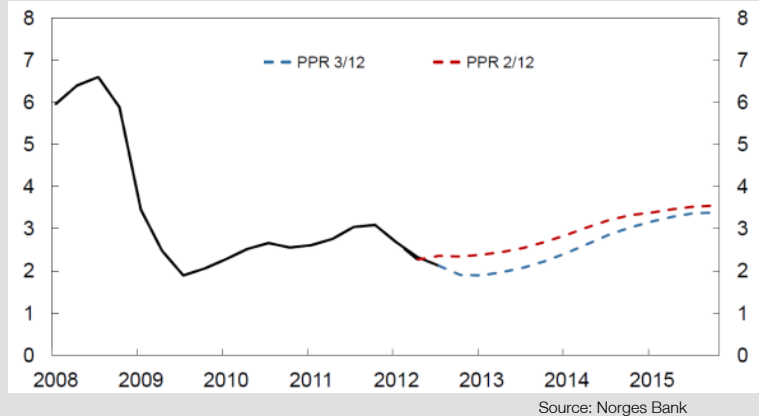
Yield level: The prime office yield is leveling out.

Swap rate: The swap rate seems to have leveled out.

Recent transactions:

- Nov 2012 Retail portfolio, shopping centers sold by Sektor Gruppen AS to Sektor Holding AS (Stordalen, Johannson, Varner + more) for apx MNOK 7.000.
- Nov 2012 Bryn Senter and Kuben Senter, 40,699 + 24,000 m2 retail properties sold by Schage Eiendom AS to Salto Eiendom AS for MNOK 744,5 and 455,5.
- Nov 2012 Industrial portfolio. 83,000 m2 industrial property sold by Fearnley Finans to AkerSolutions for apx MNOK 765.
- Oct 2012 Forus Industry Arena sold by Base Property to DNB for apx MNOK 325

Projections for the key policy



Red line represents Norges Bank forecast from June
Blue line represents Norges Bank new forecast

