

# Market Update Jul 10

Issue 4/10

## Oslo, Norway



Source: Anne Guri Storemoen, oslodailyphoto.blogspot.com

## Commercial Property in Norway

### ■ Macro Economics:

The Norwegian Krone has fluctuated a lot in recent months and this is a concern to Norwegian exporters. This is due to uncertainty about how the EU will handle their budget deficit and what impact this will have on Norway. However, unemployment is staying low and prices of oil futures indicate that the oil price is going to increase, which is positive for Norway.

### ■ Sales Market:

Transaction volumes in 2010 have significantly outperformed expectations and our opinion is that they will continue to grow into the autumn. On the other hand banks are experiencing higher costs of finance, and this could have a knock on effect for investors. Lower loan-to-value ratios and lending margins will make investors more selective.

### ■ Rental Market:

High rents have recently been achieved on small premises. In some instances lessees are willing to pay above market rent for the right space which may continue to push prices upwards. However there is still a lot of availability for tenants to choose from, therefore overall rents may continue on a slightly lackluster incline for the time being.

### ■ International News:

The European market is diversified, and the problems faced by Greece, Spain and other countries affect the commercial property market differently. Scandinavia is less affected and Poland seems to be picking up pace. Eastern Europe in general is extremely quiet and Southern Europe is still not back on track. Germany however shows signs of improvement but still struggles in certain segments.

## Key Figures

### Macro economics:

Central Bank Rate	2.0 % (Source: NB)
CPI/Inflation - 1year	2.5 % (Source: NB)
- Change Apr/May	-0.5 % (Source: NB)
Building Cost Index 1year	3.4 % (Source: SSB)

### Rental market:

CBD Prime (average)	2.850 NOK/m <sup>2</sup>
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### Sales market:

Yield prime office	6.25%
10y SWAP	4.06%
10y nor. gov. bond	3.21%

## Norway In Numbers

Population:	4 842 700
GDP:	NOK 2 543 billion
GDP per capita:	NOK 533 363
Unemployment:	2.8 % (Source: NAV)
House price index:	10.8 % (Source: SSB)
Conversion:	US \$1 = NOK 6.43
	1 Euro = NOK 7.93

## About NAI FirstPartners

NAI FirstPartners is a full-service commercial Property agent in Norway with offices in Oslo and Tromsø. We employ a total staff of 15 professionals. In addition our NAI Corporate Finance is situated in Oslo.

NAI Global is one of the world's leading providers of Commercial Real Estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

NAI Global consist of 325 Offices in 55 Countries with 5,000 Professionals and a \$45 billion Annual Transaction Volume worldwide.

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## Rental data:

Property	NOK net rent m2 / per year					
Office	Low	High	Average	Vacancy		
Prime Offices						
Category A	2500	— 3200 ▲	2850 ▲	7%	—	
City Centre Offices						
Category B	1600	— 2000 —	1800 —	7%	—	
Other High Class						
Category C	1500	— 2100 —	1900 —	8%	—	
<b>Industrial</b>	<b>Low</b>	<b>High</b>	<b>Average</b>	<b>Vacancy</b>		
Warehouse						
Category A	650	— 1050 —	800 —	6%	—	
<b>Retail</b>	<b>Low</b>	<b>High</b>	<b>Average</b>	<b>Vacancy</b>		
City Centre						
Category A	5000	— 13000 —	7000 —	3%	—	

## Definitions:

### Office definitions:

- Prime Office Category A: High quality premises at Vika and Aker Brygge (CBD).
- City Centre Office Category B: High quality premises in Oslo centre.
- Other High Class Category C: High quality premises at Skøyen, Nydalen, Majorstua or Oslo Vest.
- Warehouse Category A: High quality/new buildings in 15 km radius from Oslo centre.
- Retail City Centre Category A: Good quality in Oslo centre – Bogstadveien, Karl Johans gate.

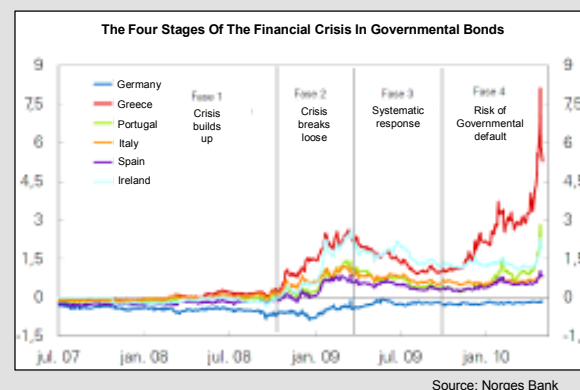
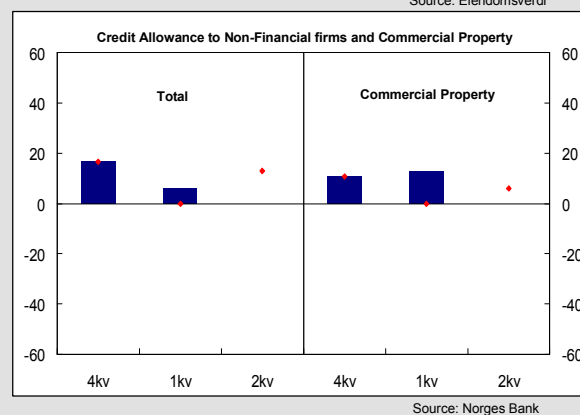
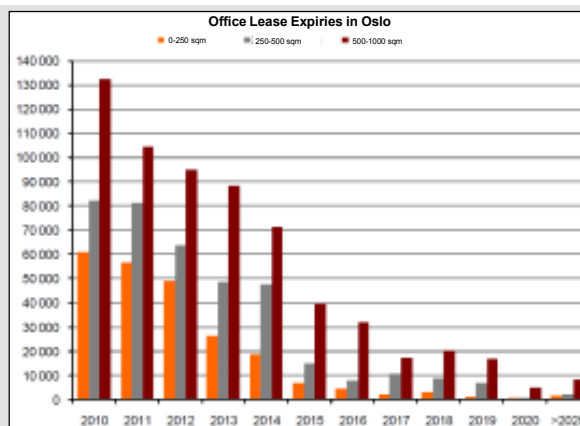
## Sales data:

**Yield level:** The yield level seems to have leveled out.

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

### Recent transactions:

- May 2010: Karl Johans gate 16, 4.500 m2, 250 MNOK.
- May 2010: Karl Johans gate12 & Kirkegaten 22-23, 17.600 m2, 631 MNOK
- May 2010: Sandviksbodene 66&68, Bergen, 11.841 m2, 212 MNOK



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The information contained herein has been congregated from different sources in the market we deem reliable. We have no reason to doubt its accuracy, but we do not guarantee it.