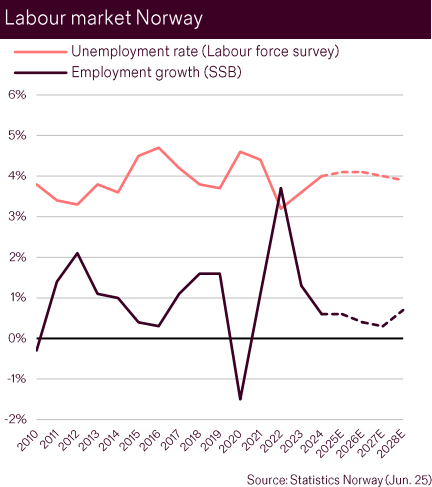
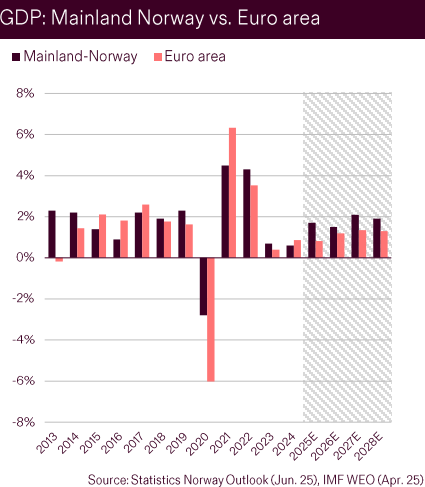


Malling acted as sell-side advisor on behalf of Union Eiendomsutvikling in the successful sale of a central Drammen portfolio. The transaction comprised 6 properties, including a total of 17,500 sqm of office and retail space, plus 450 parking spots.



Economic Outlook

- Global growth is expected to slow in 2025–26, with the OECD forecasting GDP growth at around 2.9%, while the World Bank is more pessimistic at 2.3%, amid rising trade uncertainty. The IMF warns that escalating tensions in the Middle East could push oil prices higher and further dampen global growth. Markets may also be underestimating inflation and geopolitical risks.
- In Europe, growth remains modest. The euro area is projected to expand by ~1% in 2025, with inflation easing toward the 2% target-opening the door for further ECB rate cuts. Fiscal support and monetary easing are helping cushion the slowdown, despite new US tariffs on the horizon.
- The US economy has shown surprising resilience but is expected to cool. The OECD now forecasts just 1.6% growth in 2025, down from 2.8% in 2024. Declining immigration, persistent wage inflation, and trade frictions complicate the outlook and may delay Federal Reserve rate cuts.
- In Norway, Mainland GDP grew by 1% in Q1 2025, a clear improvement from the sluggish performance in 2023–24. After a spike in early 2025, inflation (CPI growth) has receded, enabling Norges Bank to cut its policy rate to 4.25% on June 19. The bank has signaled the possibility of one or two additional cuts this year. At the time of writing, the outlook remains highly uncertain. Ongoing conflicts and risks of further escalation dominate global sentiment. For Norway, this cuts both ways: escalation in wars in the Middle East could lift oil prices and benefit the economy, while increased global uncertainty and new US tariffs (effective July 9) may weigh on trade, investments and financial markets.

Office vacancy per Jun. 2025 (Jun. 24) and Indicative Office Rents (Jun. 25) in Greater Oslo				
Cluster	Vacancy	Normal rent*	Prime rent**	Typical project asking rent***
Asker	8 % (9 %)	1 800 – 2 000	2 400	3 200
Sandvika	6 % (14 %)	1 900 – 2 200	2 600	3 200
Fornebu	10 % (7 %)	2 000 – 2 500	2 700	3 200
Lysaker	8 % (6 %)	2 400 – 2 800	3 200	3 500
Skøyen	7 % (8 %)	3 200 – 3 800	4 300	4 500
Forskningsparken/Ullevål	0 % (0 %)	2 200 – 2 800	3 200	3 500
Majorstuen	2 % (2 %)	3 000 – 3 700	4 800	5 000
Vika/Aker Br./Tjuvholmen	8 % (8 %)	4 500 – 5 500	6 500	7 000
Kvadraturen	5 % (8 %)	3 200 – 4 000	5 000	5 300
Inner City	7 % (8 %)	3 400 – 4 000	5 000	5 300
Inner City East	8 % (9 %)	3 000 – 3 600	4 300	4 500
Bjervika	2 % (1 %)	4 500 – 5 000	6 000	6 200
Nydalen	6 % (10 %)	2 300 – 2 800	3 200	3 500
Økern	18 % (11 %)	2 000 – 2 500	2 600	3 400
Helsfyr/Ensjo	12 % (11 %)	2 200 – 2 600	2 900	3 500
Bryn	15 % (10 %)	2 000 – 2 500	2 650	3 000

Key Facts: Real Estate (Office, Oslo)		
	Jun. 2025	Jun. 2024
Prime Yield	4.50 %	4.75 %
Normal Yield****	5.20 %	5.40 %
5Y SWAP (COB 26.06)	3.78 %	3.94 %
10Y SWAP (COB 26.06)	3.83 %	3.77 %
EUR/NOK (COB 26.06)	11.79	11.42
CPI 12-month change (May 2025)	3.0 %	3.0 %
Average Rent Top 15 % (Q1 25)	5 050	4 630

Latest Lease Contracts

Tenant	Address/ Cluster	Size (m ²)
Visma	Sørkedalsveien 6	~ 20 000
Yara	Drammensveien 131	~ 11 200
Økokrim	Grenseveien 78	~ 10 000
Møller Mobility Group	Haslevangen 15	~ 8 600

Source: Malling

Latest Transactions

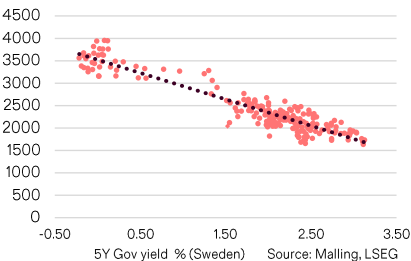
Address	Buyer	Size ¹ (MNOK)
Selvaag Utleiebolig	KLP Eiendom	3 300
TRG- portfolio	PPI	2 350
Pilestredet 35	Malling	Conf.
Grensesvingen 2- 20	Storebrand	Conf.

¹Deal size may be rounded due to confidentiality. Source: Malling

Special topic: Is it all about interest rates?

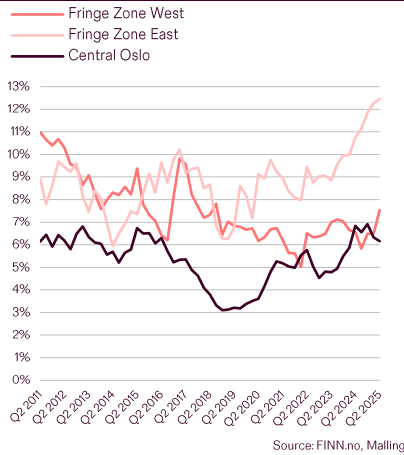
With low transaction volumes, it is tempting to look to equity markets for better insight into today's commercial property pricing. One would assume that equity investors conduct thorough, forward-looking analyses of property markets. Yet, equity markets currently appear more fixated on interest rates than with property fundamentals. Over the past four years (post-Covid), Swedish property stocks have tracked long-term interest rates with remarkable precision (see chart).

A regression of Sweden's five-year government bond yield against the Carnegie Real Estate index yields an R-squared of 0.93 (weekly data) and a highly significant relationship. A cointegration analysis reveals a strong relationship whereby each basis point change corresponds to a 0.15 % movement in the index, or roughly 15 % for every percentage point shift in rates. When Sweden's five-year yield rose from zero to 2.5 %, the model would predict a 38 % decline. The actual fall in the index (excluding dividends) was some 40 %.

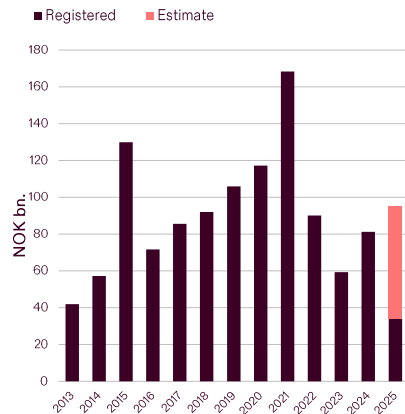


1) the discount rate used in cash-flow analysis, 2) the yield affecting valuations, and 3) borrowing costs for leveraged companies. Which channel dominates, remains unclear. Where debt carries long-term fixed rates, the first two channels should overshadow the third. Over the long term, various studies show that fundamental property factors, not interest rates, drive listed equity returns most strongly. So, it is not as simple as just interest rates- though whether that makes forecasting any easier is another matter entirely.

Office Vacancy, Greater Oslo



Transaction Volume (>50 MNOK)



Source: Malling

Commercial Real Estate

The Leasing Market

- Employment growth in Oslo's office clusters remains subdued, with a measured decrease of 0.1 % in overall employee count over the past year (as of May). This decline is most pronounced in the city centre office clusters.
- Despite weak employment figures, office rents in Greater Oslo are expected to remain stable over the next 12 months. Office clusters characterised by low vacancy rates, robust demand, and competitive relative pricing are likely to see rental growth of approximately 5 % during this period.
- Over a medium-term horizon (36 months), overall rental growth is projected at around 10 %, which equates to marginal real rental growth when adjusted for current CPI estimates.
- Office vacancy across the surveyed 16 clusters reached 7.8 % in June, marking an increase of 0.2 % points compared to June 2024. Despite this slight uptick, vacancy rates are expected to remain stable or trend marginally downward over the next 18-24 months.
- Smaller office spaces (<5000 m²) continue to exhibit record-high vacancy rates. On the other hand, advertised spaces under 2500 m² have declined by approximately 3 % over the past year, although vacancy rates in this category remain historically high.
- Fringe Zone East has the highest vacancy rate among clusters, currently at 12.2 %, rising from just over 10 % a year ago. Fringe Zone West has experienced a modest increase of 0.8 % points, reaching 7.7 % as of June, while the city centre maintains the lowest rate, at 6.3 %.
- Search activity in Greater Oslo totalled 105 975 m² during the first half of 2025, which is down 24 % and 21 % compared to the same periods in 2024 and 2023, respectively. Despite a slow start to the year, the total search volume for 2025 is expected to surpass 2024 levels.

The Investment Market

- Global investment volume for Q1 2025, as measured by MSCI RCA, stood at USD 171 billion, reflecting a slight year-on-year decrease of 1%.
- Worldwide financial volatility, driven primarily by uncertainties surrounding reciprocal tariffs in the United States, has prompted investors to adopt a cautious stance towards new investments.
- Globally, the residential segment recorded the largest annual increase, growing by 25 %, while logistics experienced a modest rise of 3 %.
- Domestically, transaction volume year-to-date stands at nearly NOK 35 billion, distributed across 110 transactions. Equity-heavy investors continue to dominate the real estate investment landscape both internationally and in Norway.
- The residential sector in Norway has witnessed significant activity growth compared to previous years, largely driven by institutional investors emerging as active buyers.
- The estimated prime office yield remains steady at 4.50 %, supported by recent market transactions and survey data. The outlook for the next 12 months is expected to remain stable.
- Although Norges Bank has reduced the key interest rate, this has had minimal impact on yields, possibly attributable to the below-normal yield gap, which appears to already reflect existing market expectations.