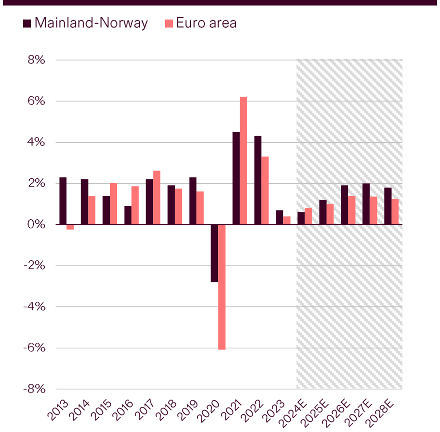
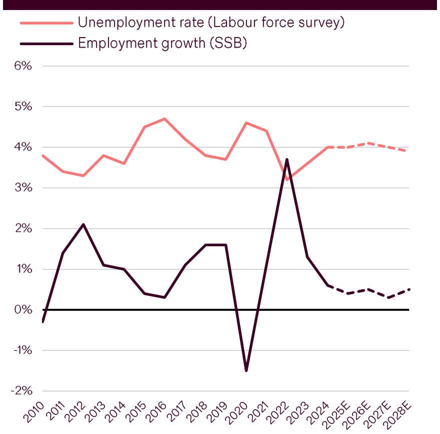
Malling served as an advisor to Aspelin Ramm, Vedal, and Bondelaget on the leasing of 3 995 m² of office space at Landbrukskvartalet (Schweigaards gate 34 C) to Intility. The new-build project is expected to be completed by late 2027 or early 2028.

GDP: Mainland Norway vs. Euro area



Source: Statistics Norway Outlook (March 2025), IMF WEO (Oct. '24/Jan. '25)

Labour market Norway



Source: Statistics Norway (March 2025)

Economic Outlook

- The announcement of new US tariffs targeting Mexico, Canada, China, the EU, and other key trading partners has caused significant financial and political disruption. Since these announcements on 20 February, the US stock market, as measured by the S&P 500, has fallen by approximately 8 % as of 19 March.
- The annual growth in the US CPI-U index was reported at 2.8 % in February, slightly below expectations.
- Following the tariff announcements, long-term US treasury yields have declined sharply due to increased recession fears. Consumer sentiment surveys reveal growing concern among households over the economic consequences of tariffs and inflation.
- The 10-year US Treasury yield, which peaked at approximately 4.8 % in mid-January, fell to 4.3 % by mid-March.
- Trump's tariffs and the US's weaker commitment to NATO have indirectly spurred higher domestic investments within the EU and Norway. Germany's decision to scrap its self-imposed budget constraint, referred to as the "Schuldenbremse," led to a notable reaction in financial markets, driving the interest rate on German government bonds ("Bunds") from 2.4 % to 2.9 % within a matter of days.
- By March, the Norwegian 10-year government bond rate climbed from 3.8 % to 4.1 %, partly driven by a surprising jump in February's CPI figures (see Special Topic for detailed analysis).
- The updated economic forecast from SSB shows anticipated strong real wage growth, lower overall interest rates, and increased public sector demand. However, SSB revised its previous projections, predicting two interest rate cuts this year and three next year, down from the earlier forecast of five rate cuts throughout 2025.

Office vacancy per Mar. 2025 (Mar. 24) and Indicative Office Rents (Mar. 25) in Greater Oslo

Cluster	Vacancy	Normal rent*	Prime rent**	Typical project asking rent***
Asker	11 % (10 %)	1 800 – 2 000	2 400	3 200
Sandvika	7 % (13 %)	1 900 – 2 400	2 800	3 200
Fornebu	9 % (7 %)	2 000 – 2 500	2 700	3 200
Lysaker	6 % (4 %)	2 400 – 2 800	3 200	3 500
Skøyen	6 % (7 %)	3 100 – 3 800	4 300	4 500
Forskningsparken/Ullevål	0 % (0 %)	2 200 – 2 800	3 200	3 500
Majorstuen	2 % (3 %)	3 000 – 3 500	4 300	4 500
Vika/Aker Br./Tjuvholmen	8 % (7 %)	4 500 – 5 500	6 500	7 000
Kvadraturen	6 % (7 %)	3 200 – 4 000	5 000	5 200
Inner City	7 % (7 %)	3 400 – 4 000	5 000	5 200
Inner City East	8 % (8 %)	3 000 – 3 600	4 300	4 400
Bjørvika	1 % (1 %)	4 000 – 4 800	5 500	5 800
Nydalen	8 % (8 %)	2 300 – 2 800	3 200	3 500
Økern	18 % (7 %)	2 000 – 2 500	2 600	3 200
Helsfyr/Ensjø	13 % (13 %)	2 200 – 2 600	2 900	3 300
Bryn	14 % (11 %)	2 000 – 2 500	2 650	2 900

* / ** / *** / **** For explanation, please see Link

Rents are quoted as NOK/m²/yr. Source: Malling

Key Facts: Real Estate (Office, Oslo)

	Mar. 2025	Mar. 2024
Prime Yield	4.50 %	4.70 %
Normal Yield****	6.10 %	6.10 %
5Y SWAP (COB 19.03)	4.20 %	4.01 %
10Y SWAP (COB 19.03)	4.17 %	3.80 %
EUR/NOK (COB 19.03)	11.53	11.56
CPI 12-month change (February 2025)	3.6 %	3.9 %
Average Rent Top 15 % (Q4 24)	4 690	4 790

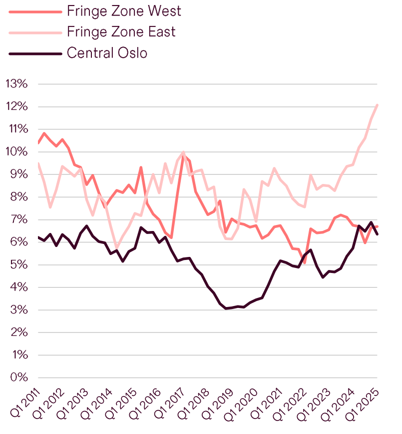
Rents are quoted as NOK/m²/yr. Source: Malling/Eikon/Arealstatistikk/SSB

Latest Lease Contracts

Tenant	Address/ Cluster	Size (m²)
Statkraft	Fiskebrygga	~ 28 500
NVE (renegotiation)	Middelthunsgate 29	~ 6 200
Intility	Schweigaards gate 34 C/ Landbrukskvartalet	~ 4 000
Space Norway	Karenslyst Allé 20	~ 3 900

Source: Malling

Office Vacancy, Greater Oslo



Source: FINN.no, Malling

Latest Transactions

Address	Buyer	Size [1] (MNOK)
Ulven Boligutleie AS	KLP Eiendom	1 051
Gardeveien 2	Zetland Capital (Malling Investments)	609
Residential-portfolio (Oslo)	Oslo Municipality	566
Sjøsiden Senter, Sortland Storsenter	LL Cetho	500

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

Transaction Volume (>50 MNOK)

Source: Malling

Special topic: CPI-growth on the rise again?

The February Consumer Price Index (CPI) figures came as a big surprise as they significantly exceeded expectations. With 12-month growth rates of 3.6 % for CPI and 3.4 % for CPI-ATE respectively, these figures were 1.0 and 0.7 percentage points above Norges Bank's estimates. The surge in CPI was largely attributed to increased food and electricity prices. Single month's CPI data should be treated with caution, but we have identified some factors that may surprise both on the upside and the downside the coming months.

1. Electricity Prices: Accounting for government subsidies, electricity prices in the CPI have been on a downward trajectory since the peak in November 2022, reaching a low in August 2024. Barring a larger-than-usual decline in electricity prices in the spring months, the negative contribution to the headline CPI (observed since July 2023, excluding September and October 2024) is expected to turn to positive due to base effects.

2. Food Prices: February saw food prices rise markedly, with a 12-month increase changing from 5.0 % in January to 7.5 % in February. Food prices are expected to stabilise or decline slightly in the coming months due to conventional price adjustment cycles in February and seasonal Easter discounts in April. Additionally, base effects from the atypical price drop in February 2024 will likely mitigate the impact on the 12-month change in the following months. REMA 1000's shift from direct discounts to bonus points may also have contributed to higher measured food prices in February. The slow growth in domestic producer prices suggests a slower growth rate.

3. Imported Goods: Imported goods account for 31 % of the headline CPI and have shown only a 1.0 % price increase over the past year. However, the depreciation trend of the Norwegian krone (NOK) and inflation in countries where these goods are produced, suggest that prices will rise further in 2025.

4. Tariffs: The lingering effects of tariffs introduced during the Trump administration continue to cause volatility in international trade. These tariffs are expected to increase costs for imported goods directly or indirectly in 2025.

5. Administrative Prices: The CPI is influenced by prices controlled by the government, some of which have undergone significant adjustments recently. While the overall impact in February was minor (+ 0.2 percentage points in CPI-XADM series), notable negative components, such as lower kindergarten fees and electricity grid fees will probably lose their impact. Lower kindergarten fees alone will in fact decrease CPI by about 0.3 percentage points until August 2025. Conversely, the positive price effects from other administrative items are expected to persist. This underscores the higher CPI figures observed in February and may raise concerns at Norges Bank for the underlying inflationary pressure.

6. Labour Market Dynamics: Lower-than-expected unemployment rates and stronger-than-projected wage growth are likely to exacerbate inflationary pressures in 2025.

Commercial Real Estate

The Leasing Market

- At the end of 2024 we saw the highest registered vacancy rate since 2013, an excepted increase in line with the economic forecast. While a temporary decline was observed in January and February, the rate surged back to the highest level in 13 years. The vacancy rate in Greater Oslo is per March 2025 recorded at 7.8 %, up 1 percentage point from the same period last year.
- The leasing marked is currently experiencing a record- high volume of vacant office spaces under 5000 m². This rise highlights the growing competition in this segment, giving the tenants a wider range of option when searching for suitable premises. Notably, this record-high vacancy includes both the aggregate vacant square metres and the number of available premises.
- The Fringe Zone East has experienced a notable increase in vacancy rates, rising by 33 % since March 2024 to reach 13 % as of March 2025. Among the clusters in this region, Økern recorded a notable year-on-year growth of 11 percentage points, largely driven by the inclusion of Construction City in the data. As of March 2025, Økern recorded a total office vacancy rate of 17.7 %.
- The search activity for the first two months of this year has declined by nearly 50 % compared to last year, marking the lowest levels recorded in the past five years and reflecting a softening in market demand.
- Current search demand seems concentrated in the 2 000 – 4 999 m² range, a shift from last year when larger spaces in the 5 000- 9 999 m² range dominated the activity the first two months of the year.

The Investment Market

- Global Investment volume in 2024 came to USD 813 billions. This is 6 % higher than the total investment volume in 2023.
- Globally, the logistics and residential segments saw the largest increase from 2023, with growth of 11 % and 16 %, respectively.
- Domestically, the recorded transaction volume in 2024 ended at just over NOK 81 billion, measured at the time of bid acceptance.
- The transaction volume so far this year is approximately NOK 11 billion, roughly on par with the same time last year. It is worth mentioning that EC Dahl's acquisition of Entra's portfolio in Trondheim accounted for more than 50 % of the volume by this time last year, indicating a stronger market activity in 2025.
- In terms of number of transactions, we have recorded approximately 35 transactions so far this year, up almost 50 % from the same time last year.
- The observed rise in transaction activity, combined with expectations of yield compression, supports the anticipation of increased investment volume this year. Consequently, our annual investment volume estimate of 105 billion remains unchanged.
- Similar to trends abroad, the residential segment in Norway has experienced the largest increase in transaction volume over recent quarters, and this trend has persisted into 2025.
- In December, we lowered our house view estimate for prime office yield in Oslo CBD from 4.65 % to 4.50 %, with a stable outlook.

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