Malling

Market Report
Winter 2025/2026

The battle between real rates and real income

Macro shifts shape the commercial real estate outlook

The future will always be uncertain, but that should not stop us from forming a view and building a decision framework around probable outcomes. At Malling, we firmly believe that the macroeconomic and financial backdrop will be decisive for the outlook of the commercial real estate market. That is exactly what we aim to capture with our new format for Malling's Market Report.

Our objective is to guide stakeholders across all parts of the Norwegian commercial real estate market on how to interpret market signals, identify underlying drivers and trends, and position for the coming years. The Market Report therefore takes a top-down data-driven approach to the five sectors we cover. It also introduces the new Malling Matrix and The House View, where we assess which sectors are likely to operate in a more favourable environment, and which may face headwinds from a strategic perspective.

More to explore

Starting early next year, we will launch in-depth sector reports for each of our five main segments: office, industrial & logistics, retail, hospitality, and residential. These will build on the strategic foundation of this report while providing a thorough view of sector specific details. We will also introduce a Macro & Markets Update published monthly, offering concise coverage of the latest economic developments. Our new M-Puls feature will help you track key data releases and news in real time. In addition, our discussion papers take a deeper dive into topical aspects of commercial real estate.

All of this will be available on our new website: analyse.malling.no, where you can also subscribe to receive research directly in your inbox.

Please get in touch if we can assist you. Our extensive in-house data warehouse is, as always, open for exploration.

Higher-for-longer or too-high-for-too-long?

The key message from this report is that the brightest outlook belongs to retail, industrial & logistics and hospitality. Real rates are likely to stay elevated as Norges Bank cuts cautiously while inflation sits above target and the real economy holds near potential. Costly credit has already pushed households to deleverage, pointing to a softer appetite for investments than before the pandemic. However, stronger real incomes should support spending and channel demand toward low-leverage, consumption driven sectors.

Cost growth is normalising and financing conditions should improve gradually as policy eases. Together these forces point to a modest but steady lift to cash flows and profitability across most commercial real estate segments over the next few years.

The macro setting is also shifting. Oil investment is expected to decline after several strong years. In past cycles weaker oil activity has been met by a more supportive monetary stance. Concurrently, mainland businesses' operating surplus growth has weakened, questioning labour market resilience. We see a risk that neither Norges Bank nor markets have fully priced this, raising the chance that policy remains too tight for too long.

Transactions are normalising. Volumes in 2025 are on track for about NOK 90 billion, with activity split between equity heavy buyers and leveraged investors. Demand continues to tilt away from offices toward industrial & logistics, residential and hospitality. Prime office yields remain anchored by unleveraged capital and by the prospect of slowly improving financing conditions. A broader recovery could lift annual volumes above NOK 100 billion by 2027.

Risks to office prime yields are tilted to the upside. If policy rates fail to decline as expected, or if global equity markets weaken, the flow of unleveraged capital into the real estate market may slow. In that case office prime yields look vulnerable, with scope for repricing and wider risk premia until financing costs ease and equity conditions stabilise.

Malling's scheduled sector reports	
January	Last year in review
February	Hospitality
March	Industrial & logistics
April	Office
May/June	Market report Summer 2026

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The House View

Malling & Co Corporate Real Estate acted as sell-side advisor on behalf of NCC Property Development Nordic AB in the divestment of its Norwegian subsidiary, NCC Property Development AS, comprising a development potential of approx. 600 residential units and 20 000 sqm commercial area.

The House View
Macro & Markets

Slower inflation and stable growth, but large shifts in sectoral contributions

The Norwegian economy is expected to grow at rates close to what we deem the underlying trend over the coming years. However, after several years of strong contributions from oil and gas investment, the outlook is for a fall in activity in this sector as tax-related incentives from the pandemic measures fade.

Households, on the other hand, are expected to see continued recovery in real purchasing power. As a result, we expect consumption to be the main driver of growth for the mainland economy ahead. Housing investments are expected to bottom out concurrently after a historically large decline in activity. However, we question the strength of the recovery, as policy rates are seen as likely to be reduced only gradually and households may continue to reduce their debt ratios while costs remain an issue for the sector.

CPI inflation is expected to temporarily touch 2% next year, largely due to the implementation of "Norgespris". Core inflation (CPI-ATE) and construction costs growth are also expected to moderate further ahead, as the large cost shocks seen in recent years continue to fade. Wage growth is forecasted to decline, and productivity growth is expected to sustain with higher capacity utilisation in household-related sectors.

Despite core inflation hovering above target, we expect Norges Bank to cut the policy rate twice next year and once in 2027, ending the year at 3.25%, one more cut than Norges Bank has projected. This should result in somewhat lower longer-dated yields, but higher real interest rates than observed in the past decades. EURNOK is expected to remain within the range it has traded over the past few years.

Growth is expected to peak this year

Real economy projections

	2024	2025e	2026e	2027e
Mainland GDP	*0,6*	2,0	1,6	1,6
Output gap, level	*0,1*	0,0	-0,1	-0,2
Employment	*0,5*	0,9	0,7	0,7
NAV u.rate, level	*2,0*	2,1	2,2	2,2
AKU u.rate, level	*3,9*	4,7	4,5	4,5

Annual change in %, if not otherwise stated
Sources: SSB, NAV, Malling & Macrobond

Inflation heading lower but remains above target

Prices and cost projections

	2024	2025e	2026e	2027e
CPI	*3,1*	3,0	2,0	2,3
CPI-ATE	*3,7*	3,1	2,6	2,4
Wages	*5,6*	4,8	4,0	3,5
Construction costs	*3,3*	3,9	2,5	2,4
House prices	*2,9*	5,9	6,5	6,8

Annual change in %, if not otherwise stated
Sources: SSB, Eiendom Norge, Malling & Macrobond

Consumption is the main driver as oil investments slow

Detailed real economic projections

	2024	2025e	2026e	2027e
Consumption	*1,3*	3,0	2,7	2,4
Housing inv.	*-19,1*	-4,6	4,7	5,1
Business inv.	*-2,9*	2,6	2,4	2,0
Petroleum inv.	*9,8*	5,4	-4,7	-5,7
Public demand	*2,7*	1,5	2,7	2,0
Exports	*3,9*	4,0	0,9	0,0
Imports	*4,3*	1,3	3,1	2,4

Annual change in %, if not otherwise stated
Sources: SSB, Malling & Macrobond

We see two rate cuts next year, NOK roughly stable

Financial market projections

	2024	2025e	2026e	2027e
Policy rate	*4,5*	4,0	3,5	3,3
3m Nibor	*4,7*	4,2	3,7	3,4
5y swap	*4,2*	4,0	3,8	3,5
CRE bank spread, pp.	*2,1*	1,8	1,8	1,9
EURNOK, level	*11,9*	11,7	11,5	11,5

%, if not otherwise stated. End of year
Sources: Norges Bank, Malling & Macrobond

The House View
Commercial Real Estate

Household facing sectors lead the way as growth rotates toward consumption

With solid real household income gains and higher-for-longer borrowing costs, low-leverage, household-facing sectors should be the main winners as Norway transitions from oil-led growth to consumption-driven momentum. Our projections cover the five major commercial real estate sectors and national transaction volumes. Though calibrated to our principal regions, the patterns should guide other areas too.

The office sector is likely to see slower rent growth as earnings cool, and vacancies persist with frail employment growth. High costs constrain supply, while yields are held down by equity-rich investors. Optimism returns to the industrial and logistics sector, driven by retail demand. Higher capacity utilisation is expected to gradually reduce vacancies, support rents, and modestly compress yields.

Higher real policy rates benefit spending as household purchasing power has improved and should be the main driver for the retail sector. Lower yields are expected in the coming years.

The hospitality sector, particularly hotels, remains promising. ADR and RevPAR growth is expected to slow somewhat, while new room supply is absorbed. Residential, however, is the tightest equation. Rents barely cover costs, even as wage gains offer some relief. With construction economics still stretched, additions to stock will be slow and selective.

Equity-rich investors account for a larger share of a normalising transaction market. Foreign participation is low and the yield gap relative to European peers is narrow, reinforcing a domestic led cycle.

Office: Slower growth in rents, vacancies up next year

Office sector

	2024	2025e	2026e	2027e
Average rent*	*3,8*	4,0	3,3	3,3
Vacancies*, %	*7,4*	7,7	8,0	7,6
Floor area supply**	*71,0*	201,0	111,0	38,0
Prime yield*, %	*4,7*	4,5	4,5	4,5
Normal yield*, %	*5,3*	5,2	5,2	5,1

Annual change in % if not stated otherwise. *Greater Oslo, **Net,1000m2
Sources: Arealstatistikk, Malling & Macrobond

Industrial & logistics: Riding the consumption wave

Industrial & logistics sector

	2024	2025e	2026e	2027e
Average rent*	*-0,1*	-2,1	2,2	2,5
Vacancies*, %	*4,8*	4,9	4,7	4,6
Floor area supply**	*599,0*	355,0	350,0	230,0
Prime yield*, %	*5,6*	5,5	5,4	5,2
Normal yield*, %	*6,3*	6,3	6,1	6,0

Annual change in % if not stated otherwise. *Greater Oslo, **Net,1000m2
Sources: Malling & Macrobond

Hospitality: Booming, but strongest growth behind us

Hospitality sector

	2024	2025e	2026e	2027e
ADR	*6,4*	8,0	7,0	5,0
Occupancy rate, %	*55,9*	56,6	57,0	57,0
RevPAR	*10,2*	11,7	10,0	8,0
Room supply**	*1,7*	1,0	3,0	2,5

Annual change in %, if not stated otherwise. **Net, in 1000s
Sources: SSB, Malling & Macrobond

Retail: Shopping spree as purchasing power is back

Retail sector

	2024	2025e	2026e	2027e
Average rent	*4,4*	5,5	4,3	4,0
Cap. utilisation, %	*9,0*	15,0	17,0	18,0
Prime yield*, %	*5,8*	5,6	5,4	5,2

Annual change in %, if not stated otherwise. *Oslo data
Sources: Norges Bank, Malling & Macrobond

Transactions: Recovering toward normal levels

Transaction volumes

	2024	2025e	2026e	2027e
Norway	*81,2*	90,0	100,0	110,0

bn NOK
Sources: Malling & Macrobond

Residential: Rents are barely covering costs

Residential sector

	2024	2025e	2026e	2027e
Average rent*	*7,2*	5,5	4,5	4,0
Secondary share*, %	*14,5*	14,0	13,5	13,5
Housing starts*	*-15,0*	-21,0	5,0	10,0

Annual change in %, if not stated otherwise. *Oslo data
Sources: Eiendom Norge, NEF, Ambita, SSB, Malling & Macrobond

The House View
The Malling Matrix

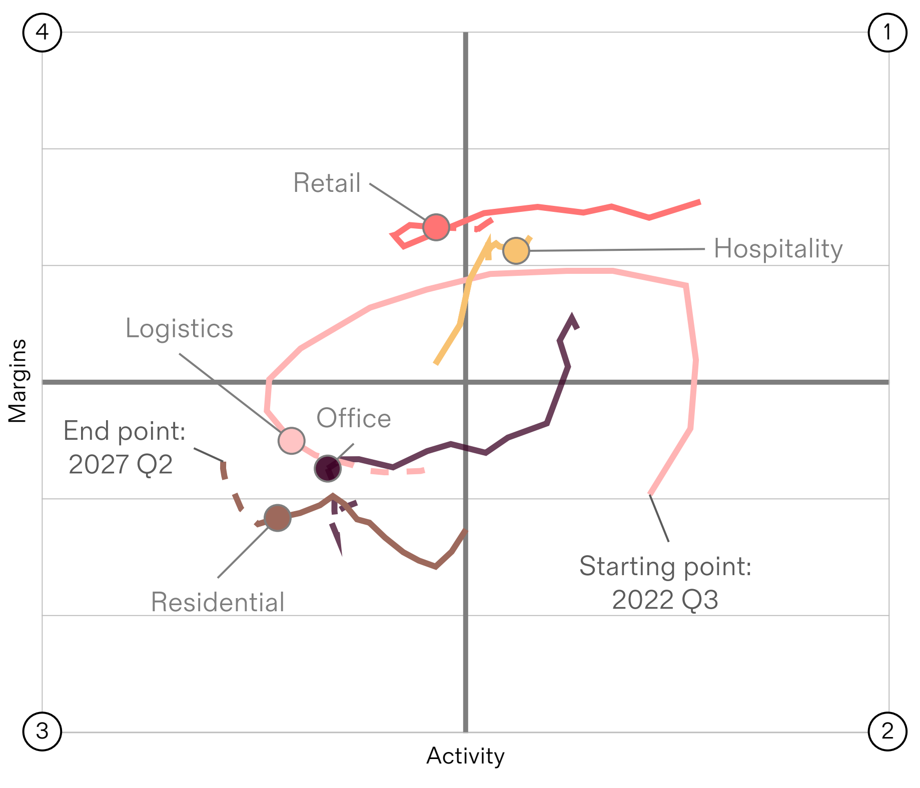
Retail and hospitality expected to outperform in coming years

The purpose of the matrix is to identify which sectors are currently operating in a more favourable environment, combining strong demand and healthy margins, and which face cyclical or structural headwinds. Our aim is to allow investors and property owners to track how shifts in macroeconomic conditions affect sector performance and to reposition portfolios accordingly. However, it is not a measure of financial performance, including valuation, cash flow or balance-sheet strength, nor of tax-related issues.

This framework positions the main commercial real-estate sectors, office, industrial & logistics, hospitality, retail, and residential, within a two-dimensional matrix that captures market activity and operating margins based on our projections from the previous pages. Each sector's relative position reflects the interplay between demand dynamics (vacancies, capacity utilisation or market share) and profitability conditions (rental income relative to construction, operating and financing costs).

The overall picture is nevertheless clear: the household-related sectors are expected to outperform over the coming years, led by retail and hospitality - two sectors that are seeing strong growth in demand. Logistics will likely ride the retail wave as well, but existing spare capacity will have to be absorbed before we expect margins to rise. For offices, elevated vacancies and slower employment growth will dampen overall sector performance. Finally, for residential, the trend of falling secondary-market shares will probably continue, lifting rental prices and hence margins, albeit from a very weak level.

The Malling Matrix: The four quadrants of commercial real estate performance



Framework design

X-axis, market activity: Captures the economic pulse of each segment, such as vacancies, occupancy rates, market shares or capacity utilisation.

Y-axis, margins: Reflecting the profitability environment, with the relationship between income and operating costs.

The four quadrants:
1) High activity, strong margins: expansionary phase.
2) High activity, weak margins: overheating phase.
3) Low activity, weak margins: contraction phase.
4) Low activity, strong margins: defensive phase.

Each indicator is normalized to a historical average. **Solid lines** are last three years, **round dot** is current situation, and **broken lines** are our projections for the next two years.

Indicator methodology

Each sector's activity and margin position is derived from time-series indicators that capture its underlying fundamentals. In the calculation of costs, we assume a 50 % loan-to-value ratio to capture the impact of financing costs. The series is updated quarterly, using publicly available data and Malling's extensive in-house datasets. The approach is intentionally transparent to avoid unnecessary technical complexity.

Activity indicators: *Office*: Vacancy rate, Greater-Oslo. *Retail*: Norges Bank's regional network survey, national. *Hospitality*: Occupancy rate, national. *Logistics*: Vacancy rate, Greater-Oslo. *Residential*: Secondary homes' market share, Oslo.

Margin indicators: *Office*: Average rent / cost ratio, Greater-Oslo. *Retail*: EBITDA and turnover rents / cost ratio, national. *Hospitality*: EBITDA and RevPAR / cost ratio, national. *Logistics*: Average rent / cost ratio, Greater-Oslo. *Residential*: Rental price / cost ratio, Oslo.

The House View
Scenarios: Income, cost & activity

Macroeconomic uncertainty calls for alternative scenarios and their implications

Given the uncertainty regarding developments in the Norwegian economy going forward, we highlight two scenarios that could unfold in addition to our baseline scenario (60% probability).

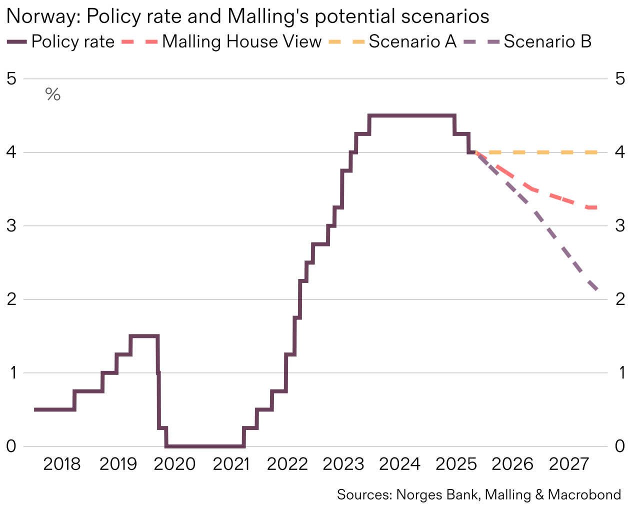
Scenario A (20% probability): Stronger need for high real rates. Macro character: Persistent cost pressures and inflation remains above target, strong oil and public demand. Norges Bank holds policy rates steady, with higher long-term real rates and stagnation in mainland private sector.

Scenario A tilts the sector positions downward, as costs rise relative to income, and slightly left due to lower activity for most sectors. Margins compress across interest rate-sensitive assets, while activity diverges between oil-linked regions and those dependent on private mainland demand. The relative winners are low-leverage sectors such as retail and logistics, as well as offices in oil regions; the laggards are residential and offices in inland regions. Hospitality will be less affected but remain sensitive to a stronger NOK.

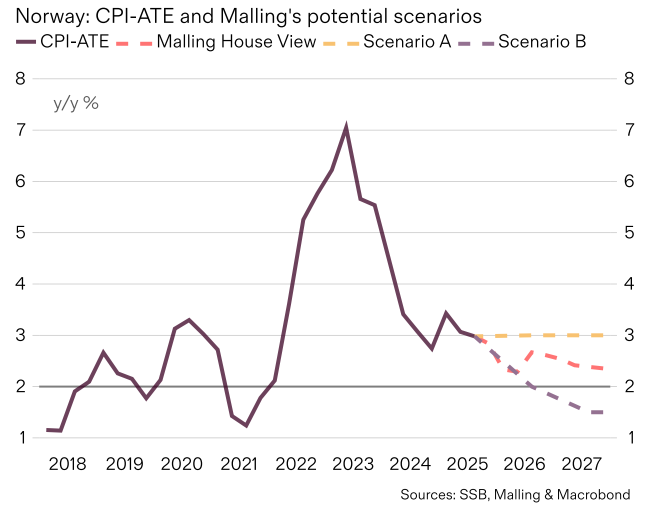
Scenario B (20% probability): Post-oil-boom recovery. Macro character: Oil investments slump more than expected with a muted NOK response. Wage growth slows more sharply, and inflation undershoots. Norges Bank cuts the policy rate to 2%. Real interest rates fall, liquidity improves, and the private mainland economy recovers quickly.

Scenario B shifts the positions upward and to the right: margins improve, and activity recovers rapidly; capital values rebound first. A debt-led recovery is run by residential and offices in non-oil regions. Retail and logistics underperform due to weaker consumption growth, while hospitality face trade-off from lower wage growth and a weaker NOK.

Policy rate: A) *unchanged* vs. B) *more cuts*

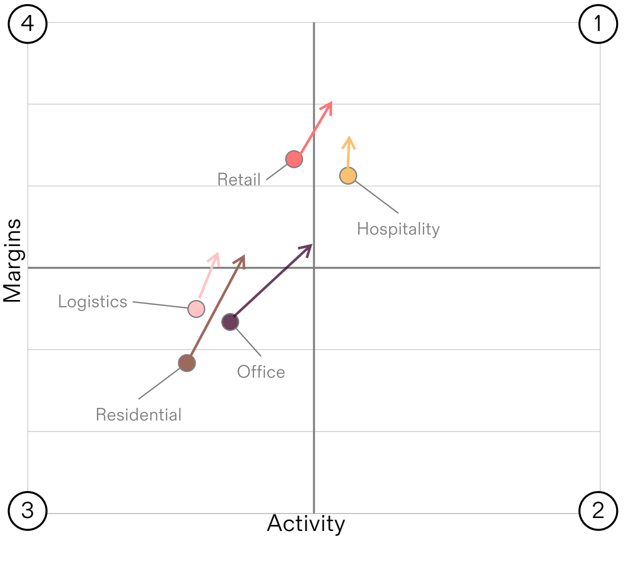


Inflation: A) *stalling at 3%* vs. B) *falling below target*



Scenario A: Low-leverage winners on high real rates

Scenario B: Credit and investments driven recovery



The House View

Scenarios: Synthetic Office Property Model

The unfolding macro scenarios will have large implications for office CRE

To better track value creation and financial resilience in the office market, we have built a Synthetic Office Property Model, a proxy company designed to mirror a typical office asset in Greater Oslo. Drawing on proprietary data for rents, vacancies, yields and other key metrics, the model allows us to monitor how value and liquidity evolve over time and under the different macroeconomic scenarios specified earlier.

The model is deliberately simple and transparent. Starting in 2018 with NOK 100 million in enterprise value, a 50% loan-to-value ratio and a five-year rolling interest-rate hedge (50%), the company's purpose is to be the lessor of an average office property. By translating sector-specific market developments into a financial statement, we can track the performance of a representative office asset through the cycle.

Four indicators form the core of the analysis: NOI (Net Operating Income), capturing operational performance; Yield, reflecting market income returns; Value, indicating market pricing; and ICR (Interest Cover Ratio), measuring liquidity and debt-servicing capacity.

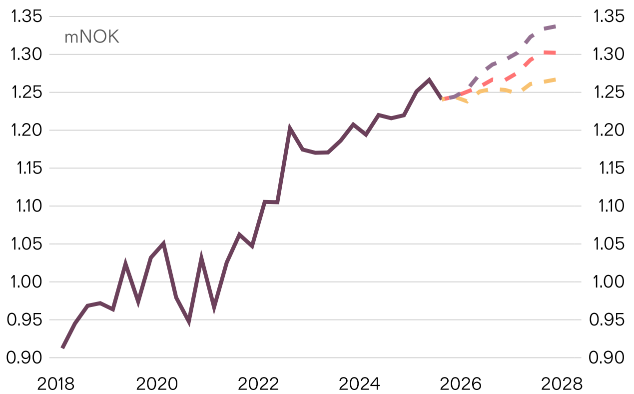
Our House View assumes a flat prime yield and steady NOI growth, implying a modest improvement in both value and ICR. Scenario A, higher interest rates for longer, raises yields, softens NOI and puts a strong downward financial pressure on values and liquidity. Scenario B, with lower rates and improved margins, reverses those effects and supports both value and balance-sheet strength.

As the scenarios show, the office sector will be highly sensitive to key developments in yields, interest rates and income growth in the years to come.

NOI: A) *stagnant development* vs. B) *solid growth*

NOI* development in our synthetic model, including scenarios

Actual — Malling House View — Scenario A — Scenario B

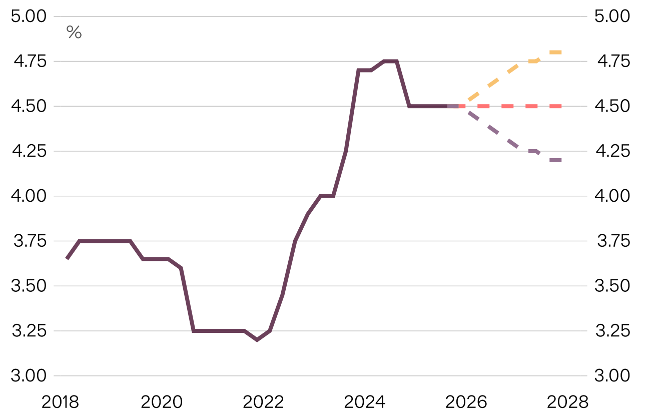


*Net Operating Income
Sources: Malling & Macrobond

Prime yield: A) *higher yields* vs. B) *yield compression*

Yield development in our synthetic model, including scenarios

Actual — Malling House View — Scenario A — Scenario B

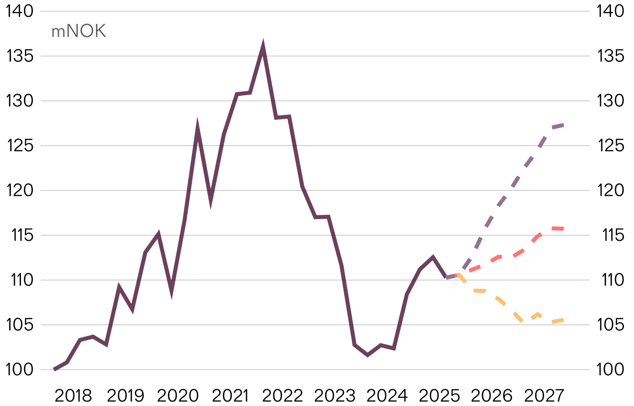


Sources: Malling & Macrobond

Value: A) *decline in value* vs. B) *strong development*

Value development in our synthetic model, including scenarios

Actual — Malling House View — Scenario A — Scenario B

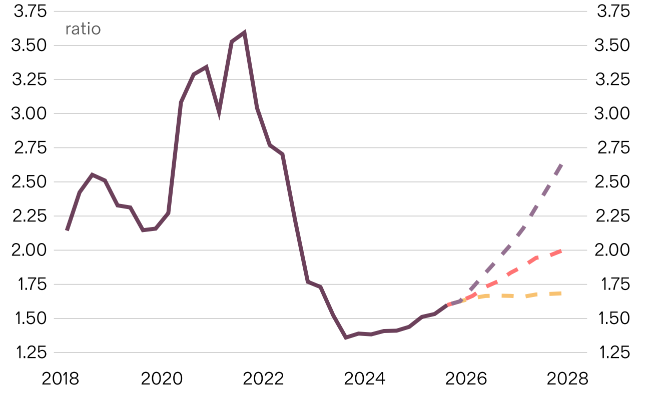


Sources: Malling & Macrobond

ICR: A) *liquidity pressure persists* vs. B) *financial relief*

ICR* development in our synthetic model, including scenarios

Actual — Malling House View — Scenario A — Scenario B



*Interest Cover Ratio
Sources: Malling & Macrobond

The World Around Us

Malling Leietakerrådgivning has advised Møller Mobility Group on the signing of a new lease agreement for 8 7000 square meters in the newbuild project “Hasle Kraft". In addition, Malling Leietakerrådgivning has been appointed as project manager to ensure a successful fit-out and relocation

Macro

Central banks still fighting too high inflation - with different ramifications

Even after five years of major global shocks, inflation trends have converged remarkably across Norway's key trading partners. Core inflation remains near 3% in Sweden, the euro area and the United States, all above central-bank targets. While inflation paths are similar, the real-economy effects of high rates have been far more uneven.

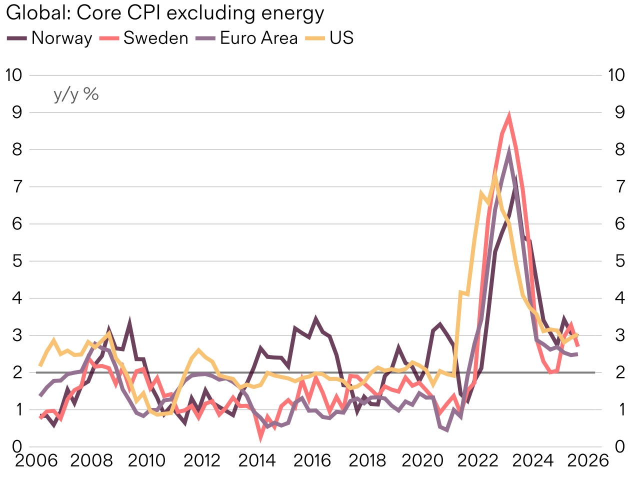
Sweden has felt the most pronounced impact, with weaker growth, cooling labour markets, and a sharp housing correction. Now, with policy rates cut more than in most advanced economies, a rebound is under way. Consumption has picked up, though credit growth remains muted as households continue to deleverage from elevated debt levels.

In the euro area the story is different. Labour markets have proved resilient despite tight monetary policy, helped by structural reforms, strong southern European employment and low participation slack. Growth has been choppy, and Germany's industrial base continues to adjust to higher energy costs and weaker global demand.

In the US, policy uncertainty is high. Restrictive immigration and tariff policies are beginning to weigh on labour supply and household spending, though AI-driven investments and fiscal tailwinds so far have cushioned the slowdown. The Fed is expected to cut rates somewhat further but remains wary of declaring victory on inflation.

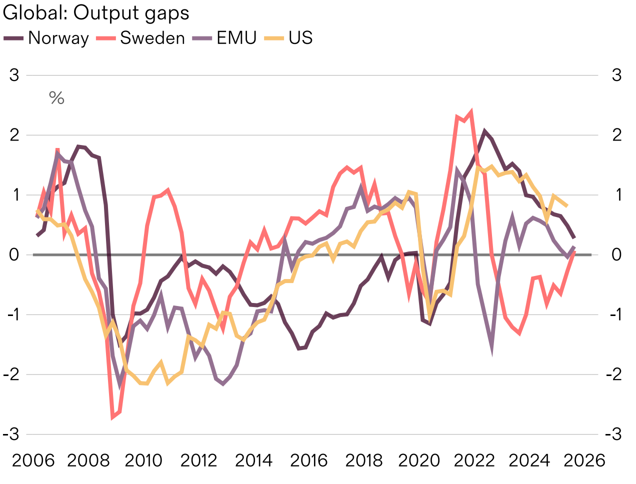
Overall, the post-pandemic normalisation remains incomplete. Inflation convergence is real, but capacity utilisation is still adjusting, and downside risks to labour markets and credit growth linger beneath the surface.

Inflation remaining around 3% most places



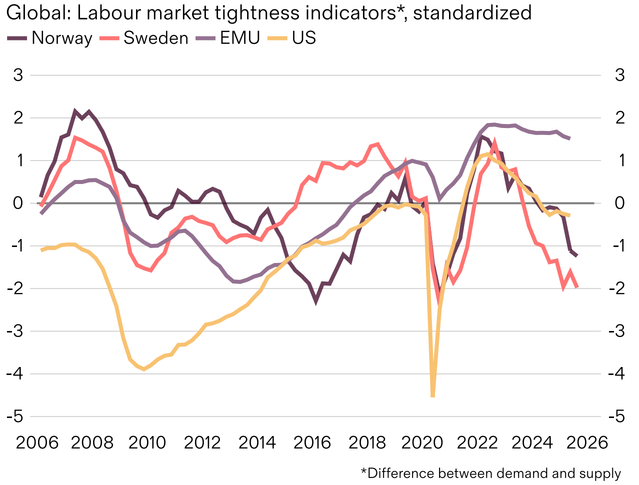
Sources: SSB, SCB, Eurostat, BLS, Malling & Macrobond

Capacity utilisation higher in the US and Norway



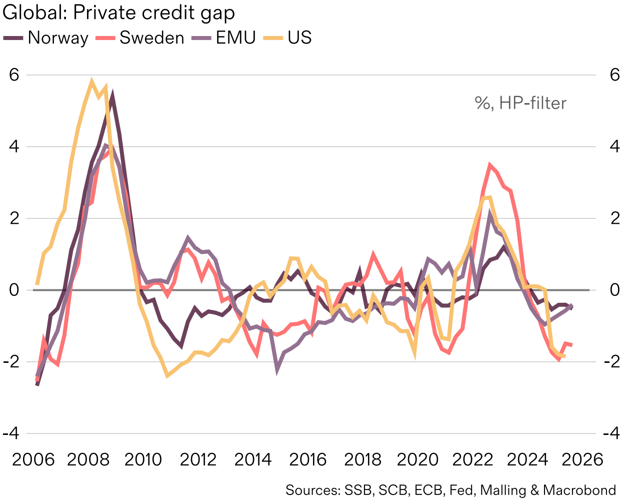
Sources: SSB, SCB, Eurostat, BLS, Malling & Macrobond

Labour markets soften except in the euro area



*Difference between demand and supply
Sources: SSB, SCB, Eurostat, BLS, Malling & Macrobond

Credit cycle bottoming out on lower policy rates



Sources: SSB, SCB, ECB, Fed, Malling & Macrobond

The World Around Us
Financial Markets

Expensive markets still resilient despite geopolitical turmoil

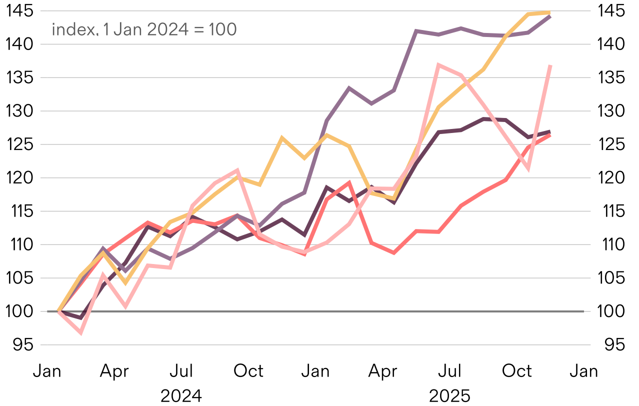
Despite heightened geopolitical risks, from wars and trade frictions to fiscal uncertainty, financial markets have proved remarkably resilient. Robust US corporate earnings, led by the so-called “Magnificent Seven”, have propelled global equities to new highs. Yet valuations look stretched by historical standards, suggesting that a correction would not be unwarranted. Investor sentiment remains buoyant, underpinned by subdued volatility and tight credit spreads, reflecting confidence in the durability of the growth outlook.

In Norway, equity performance has lagged so far this year, although Oslo Børs has still touched several record highs. Real-estate stocks have also fared well, though momentum has been volatile as of late. Softer pricing likely reflects higher long-dated swap yields and a weakening office market marked by rising vacancies.

Norwegian swap yields remain the highest among comparable markets, as Norges Bank has only modestly trimmed rates and continues to signal a gradual easing path. We still see downside risk to current market pricing, which assumes policy rates will bottom around 3.5%, especially if global central banks, including the Federal Reserve, loosen more aggressively in response to softer labour and growth data.

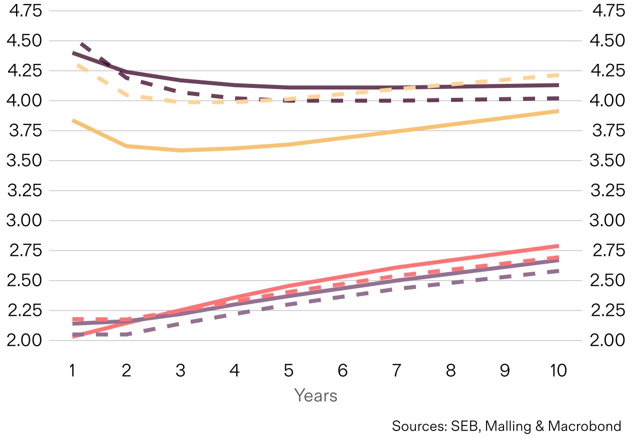
In currency markets, the Norwegian krone (NOK) has traded within a stable range of 11.20-12.00 against the EUR, while the USD has weakened broadly following recent tariff-related announcements. Looking ahead, we expect further softness in the USD and a relatively steady NOK, with the EURNOK rate likely to hover around 11.50 in the coming years.

Lofty equity valuations, with ATHs many places



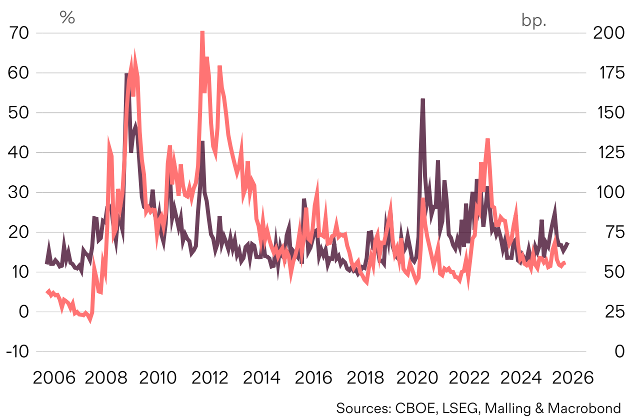
Sources: S&P Global, Malling & Macrobond

Norwegian swap yield highest across the tenors



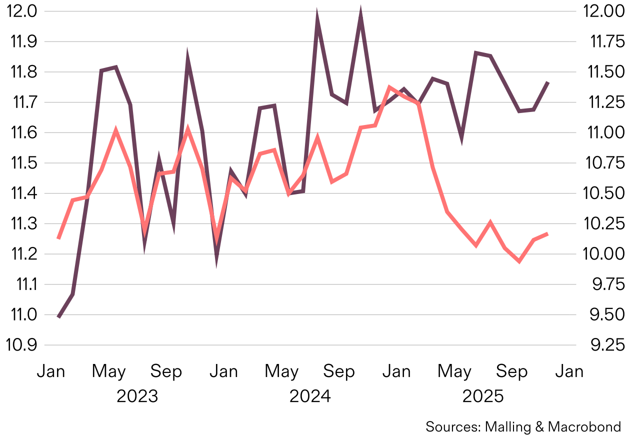
Sources: SEB, Malling & Macrobond

Company risk priced low; both on equities and debt



Sources: CBOE, LSEG, Malling & Macrobond

The USD has sold off post tariff announcements



Sources: Malling & Macrobond

The World Around Us
Commercial Real Estate

Real estate markets recover slowly, public real estate stocks lag

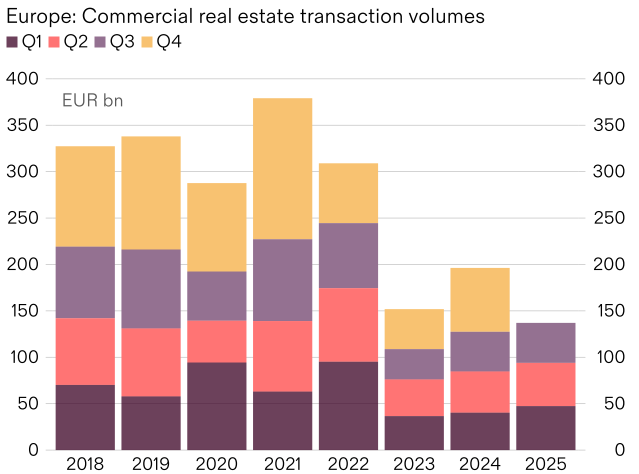
European transaction activity in commercial real estate remains subdued. In Sweden, transaction volumes have picked up somewhat from the 2023 trough. Prime yields are stable with office Stockholm CBD yield just below 4.0% and logistics yield around 4.90%. With rate cuts already delivered, the outlook is for a gradual improvement in liquidity into 2026, particularly in core assets and sectors with secure income streams.

In Europe, investment volume is heading for a higher level than in 2024, with Q3 transaction volume just shy of €140 bn, slightly above last year. Prime office yields across core Western European markets have compressed marginally, suggesting that yield levels may have reached their peak. However, pricing remains highly selective, and macro uncertainty still caps momentum.

In the North American CRE market, investment volumes in Q3 are at USD 126 billion, up 16% year-on-year. Total global investment in Q3 is at USD 227 billion, up 14% year-on-year. Overall, sentiment is improving: returns are positive, capital values appear to have bottomed out, average deal sizes are increasing, and we are beginning to see the return of institutional capital.

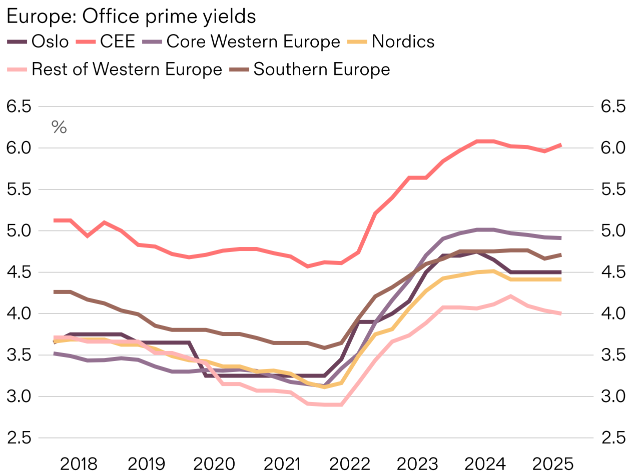
Globally, real estate stocks have had a tepid year. The FTSE EPRA/NAREIT Developed Europe Index is up +6.5% year-to-date, in local currency. In Sweden, the Carnegie Real Estate Index (Price index) is down about 10% YTD. Also, YTD, the S&P United States REIT (total return) is up a mere 3%. Nordic real estate indices underperformed broader markets, whereas the Norwegian OBX Real Estate Index outperformed Sweden in 2025, supported by mid-year interest rate–related gains.

Transaction volume on the rise, likely beat 2024



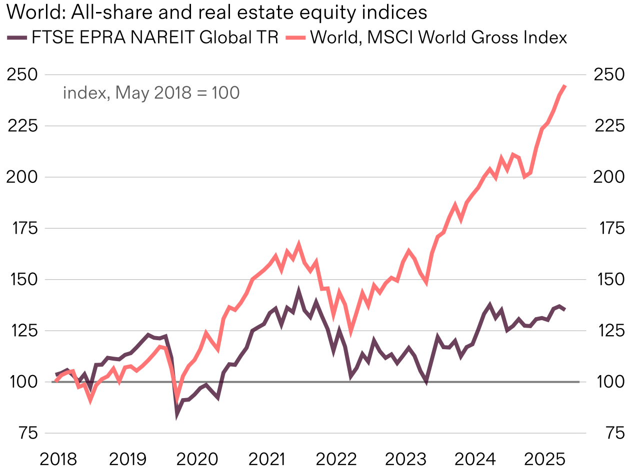
Sources: Savills, Malling & Macrobond

Office prime yields in Europe are levelling out



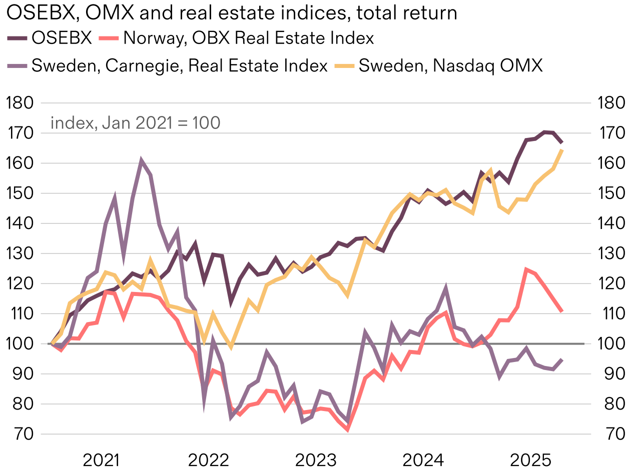
Sources: Savills, Malling & Macrobond

Global real estate stocks crushed by tech since rate hikes



Sources: FTSE, MSCI, Malling & Macrobond

Real estate indices underperform the broader market



Sources: Oslo Stock Exchange, SIX, Nasdaq OMX Nordic, Malling & Macrobond

The World Around Us
Commodities

The worst cost shock is behind us. Commodity prices seen to remain elevated.

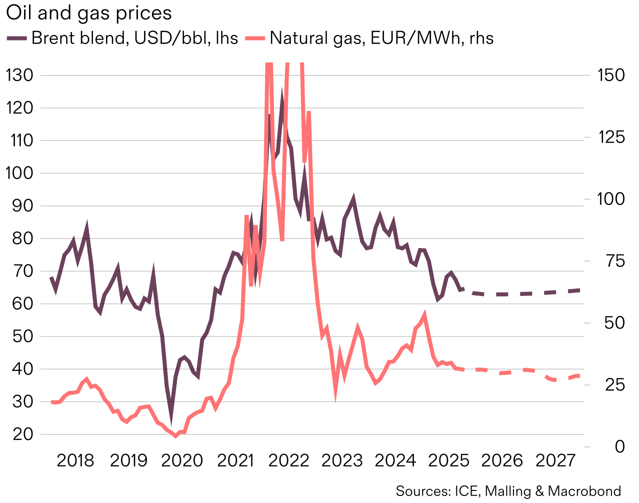
Energy-price volatility has eased sharply from the extremes of 2021–22, relieving pressure on energy-intensive industries and bolstering purchasing power for households and firms unable to pass on higher costs. Oil prices have also decreased this year, sliding from above USD 80 per barrel in January to the mid-USD 60s. The decline reflects rising supply, with occasional volatility sparked by geopolitical tensions. Concerns over slowing growth in the United States and China have further weighed on demand expectations.

Europe entered the year better prepared, with ample gas storage and steady LNG inflows mitigating potential shocks. Industrial demand is gradually recovering but remains structurally weaker in several sectors. Gas prices, though still above pre-pandemic levels, are expected to stay within lower ranges than in 2023, a trend that should eventually support Nordic electricity prices. Volatility, however, remains and the full impact of the so-called "Norgespris" is still uncertain.

Global commodities have been caught between a soft industrial cycle and resilient services demand, with a strong dollar and higher-for-longer interest rates limiting broad price gains. Gold has surged on the so-called "debasement trade", while most other indices are down year-to-date in NOK terms.

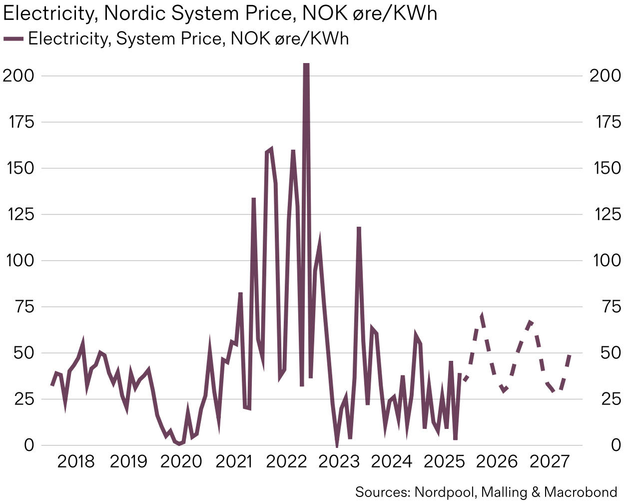
Softer global commodity prices should ease pressure on Norwegian construction costs, though rising labour expenses continue to slow the overall moderation in cost growth. Timber prices have climbed further, while more energy intensive materials such as steel and concrete have remained broadly flat this year.

Gas price futures still higher than pre pandemic...



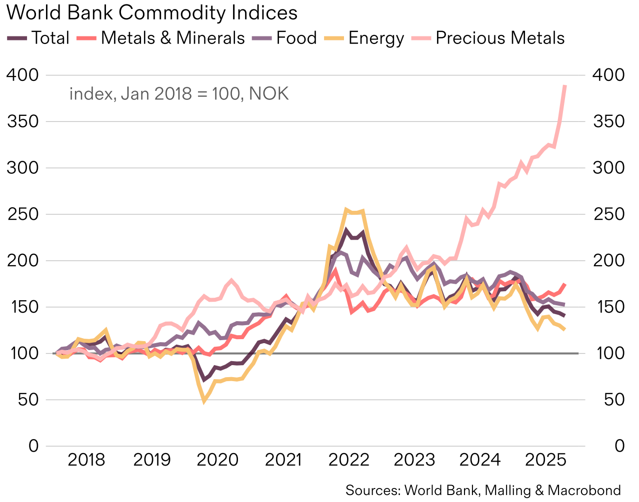
Sources: ICE, Malling & Macrobond

... putting a floor on Nordic electricity prices



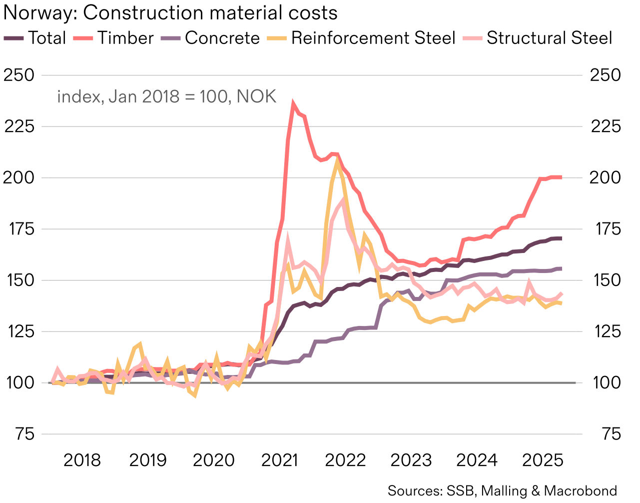
Sources: Nordpool, Malling & Macrobond

Gold price surge; sharp contrast to other commodities



Sources: World Bank, Malling & Macrobond

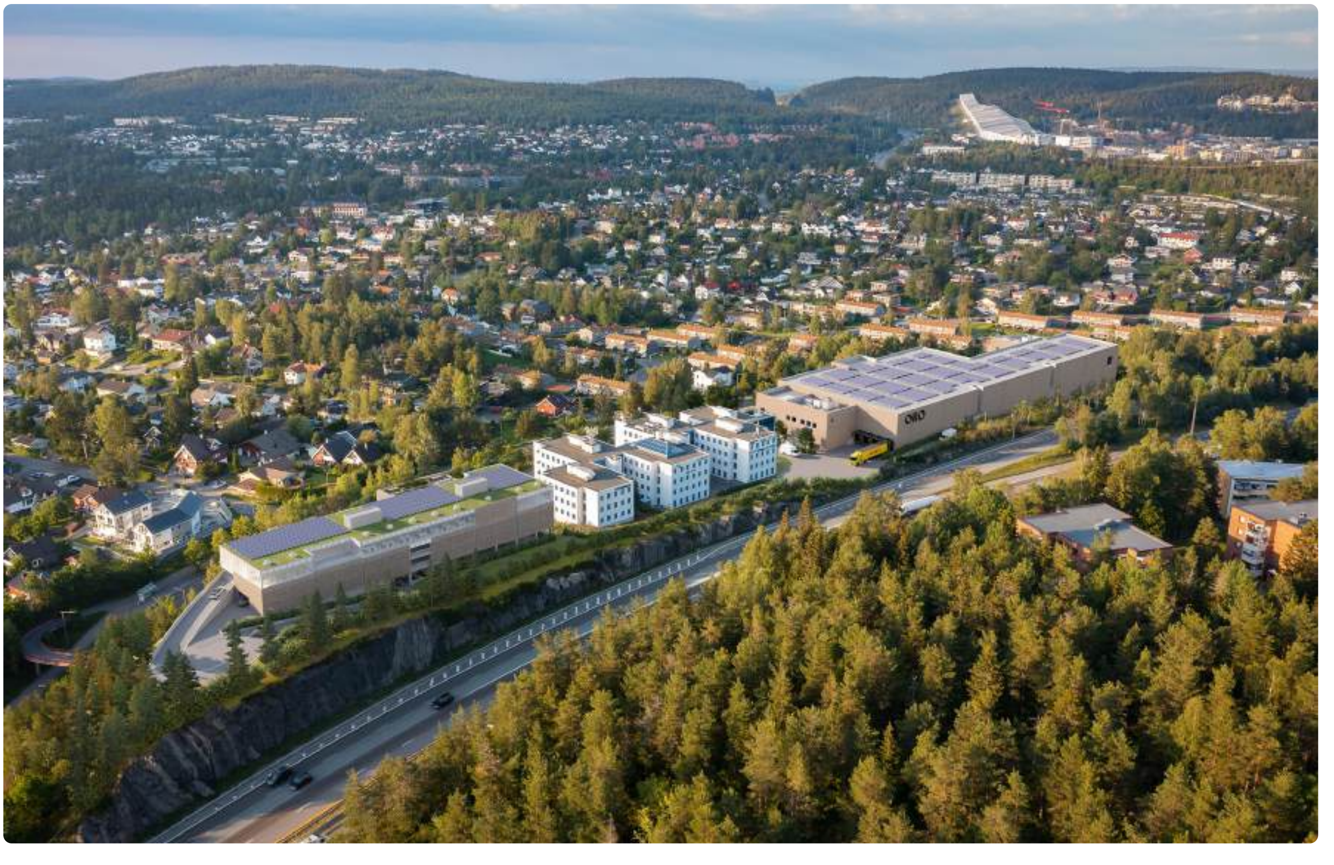
Construction material costs still growing at high pace



Sources: SSB, Malling & Macrobond

Norway

Malling & Co Næringsmegling has been engaged by Oro as broker for the letting of Karihaugveien 89, a new built last-mile logistics project in Oslo of aprox. 20,000 sqm.



Norway
Real Economy

Getting ready for the big shift

Norway is entering a new phase of steady, but shifting, growth. Business surveys point to continued solid activity even as the powerful boost from oil investment begins to fade. That leaves room, and a need, for domestic demand to take the lead.

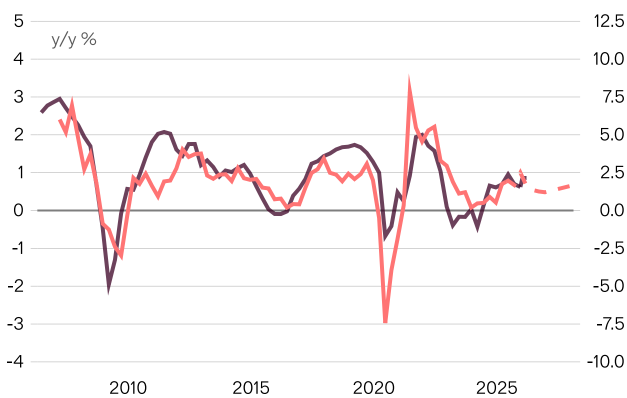
Households are once again the pivotal force. Real disposable incomes have recovered and are trending higher, supported by easing inflation, resilient employment and solid wage growth. The squeeze from higher mortgage rates has prompted a healthy deleveraging: debt-to-income ratios are declining, strengthening balance sheets and laying the groundwork for future spending.

Housing is the second leg of the rotation. After a sharp correction, the pipeline for new dwellings remains thin. As financing conditions gradually normalise and household cash flows improve, housing investment should recover from low levels. The rebound, however, is likely to be modest: real policy rates are expected to stay above pre-pandemic levels, and households may prefer to channel rising incomes into consumption rather than larger mortgages.

Overall, mainland growth appears likely to remain on a moderate and sustainable path, even as the boost from oil diminishes, provided the handover to household demand gains traction. The main risks lie in interest rates staying too high for too long, a softening labour market, or a delayed recovery in housing investment. Yet with firmer real incomes, stronger household balance sheets and continued fiscal support, the economy appears well placed to shift from an investment-heavy energy cycle toward a broader upswing led by consumption and housing.

The economy is expected to grow at steady pace

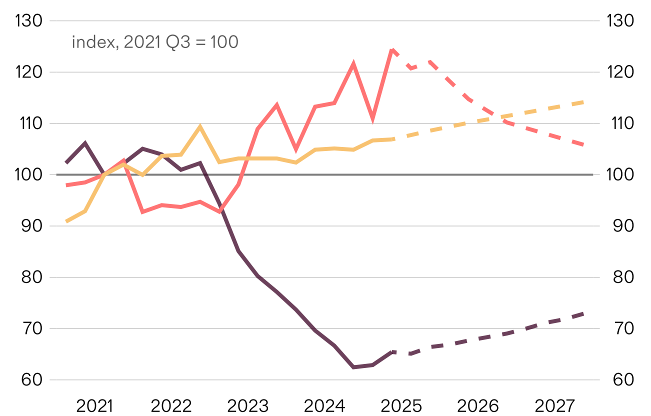
Norway: Business surveys and Mainland GDP
Mean of business surveys*, lhs — Mainland GDP, rhs



*Regional Network, SSB business survey, PMI, NHO
Sources: Norges Bank, SSB, NHO, Nima, Malling & Macrobond

But a clear rotation from oil to households are expected

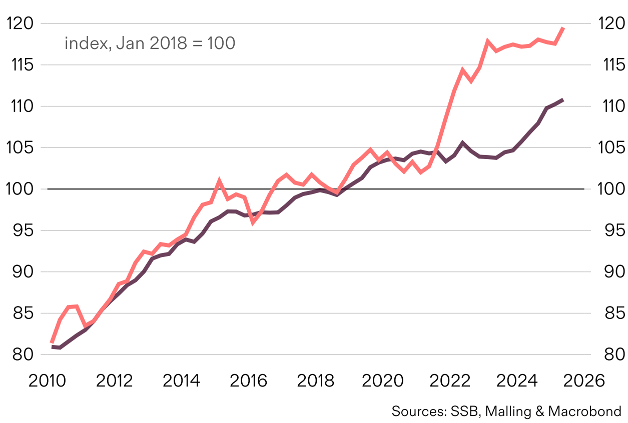
Norway: Mainland GDP components
Housing investments — Oil investments — Consumption



Sources: SSB, Malling & Macrobond

Real income growth should continue in the years ahead

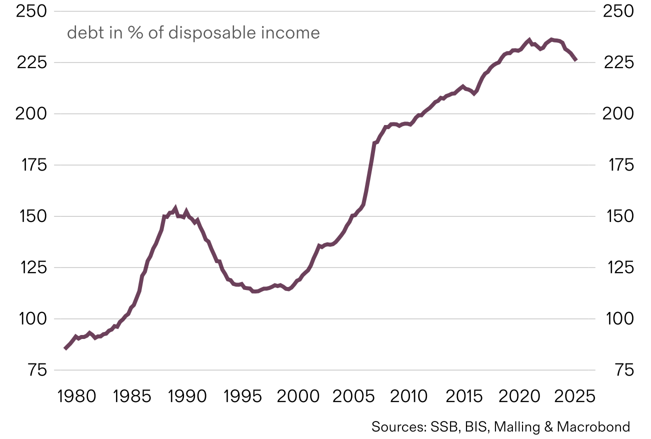
Norway: Real operating profits (EBITDA) and disposable income
Real disposable income
Real operating surplus (Mainland Norway, excl. electricity)



Sources: SSB, Malling & Macrobond

High mortgage rates has led to lower debt to income

Norway: Household debt to income
Norway



Sources: SSB, BIS, Malling & Macrobond

Norway
Labour Market

Just normalising or turning softer?

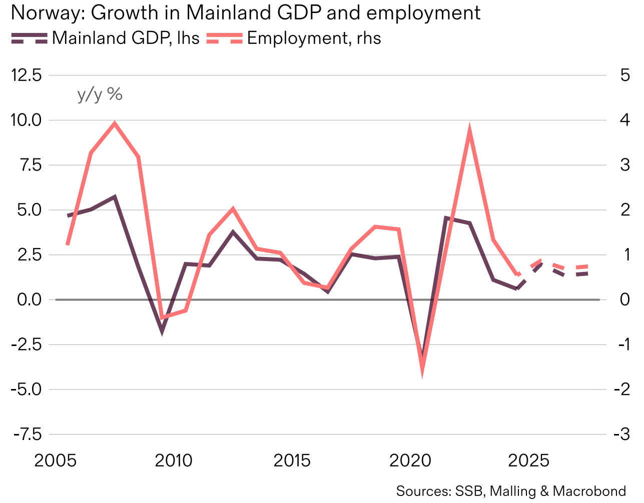
With mainland growth expected to remain modestly positive, employment still has room to edge higher. Hiring plans, however, appear more selective, and mainland businesses' operating surplus growth has weakened, questioning labour market resilience and the outlook for employment growth.

Signs of softening are evident. Vacancy rates have continued to decline, trending back toward pre-surge levels as labour supply improves - helped by higher participation, inward migration, and students entering the workforce. The cooling is uneven: employment growth has slowed most in Oslo and in interest-sensitive sectors, while export-oriented sectors have held up better. Unemployment is expected to rise only gradually, though its composition will shift in line with broader growth dynamics - from interest-sensitive industries toward oil-related activity over the coming years.

Wage dynamics remain firm. In recent years, wage growth has exceeded levels implied by the historical link with labour market tightness, a reflection of high inflation and historically low wage shares in export-oriented manufacturing. Despite a cooling labour market, wage growth is expected to hold near 4% next year, providing a further boost to purchasing power.

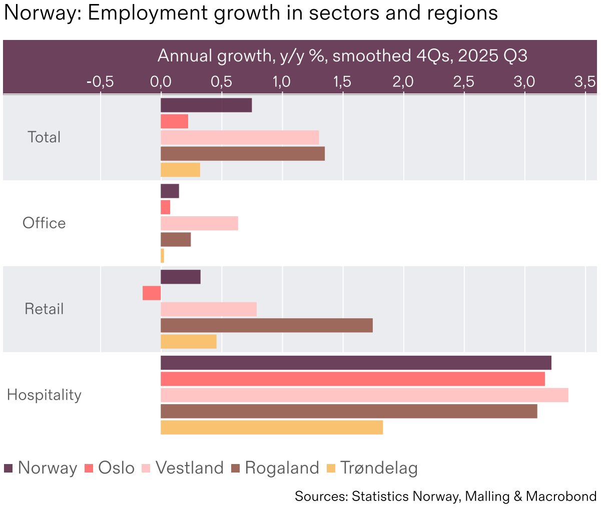
Policy and risk balance the story. Higher-for-longer interest rates will help maintain hiring discipline but also pose a clear downside risk. Conversely, a faster rebound in housing and consumption could stabilise vacancies and support broader job growth. Overall, we expect a cooler yet resilient labour market, one still capable of modest employment gains and delivering real income growth that underpins Norway's shifting growth drivers.

Employment is expected to grow a little below trend



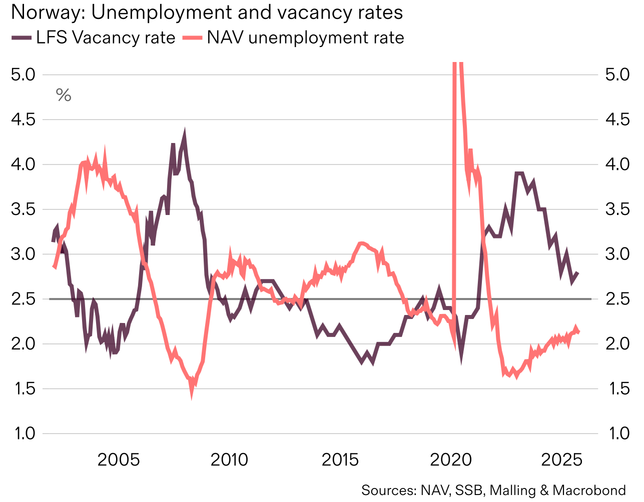
Sources: SSB, Malling & Macrobond

Office employment has been softer than other sectors



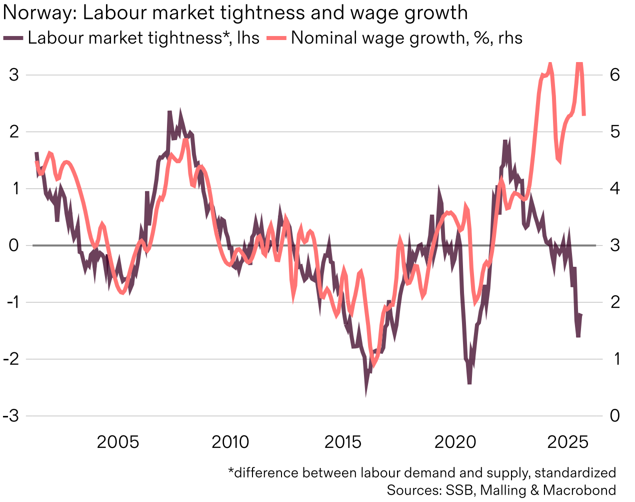
Sources: Statistics Norway, Malling & Macrobond

We expect a continued normalisation of labour markets



Sources: NAV, SSB, Malling & Macrobond

Labour market has softened, but wage growth is high



*difference between labour demand and supply, standardized
Sources: SSB, Malling & Macrobond

Norway

Inflation

“Norgespris” temporarily pulls headline inflation back to target next year

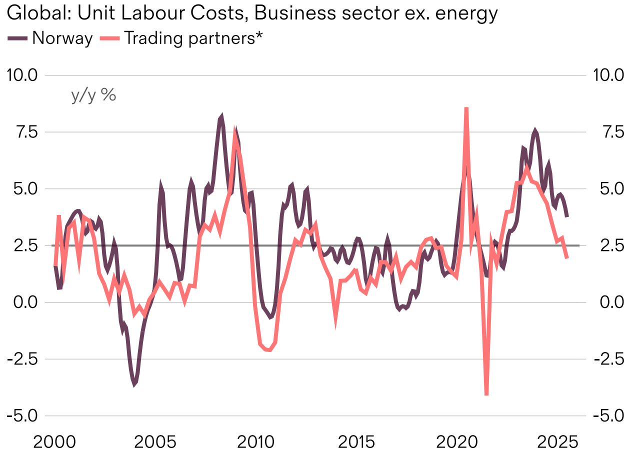
Cost pressures are easing but not gone. Unit labour costs have cooled from their post-pandemic spike in Norway and among its trading partners yet remain some above both historical averages and the levels consistent with 2% inflation. Domestic price momentum, especially in services, is therefore easing, but in steps rather than in a straight line.

Imported inflation has largely faded. Global goods prices have stabilised, freight bottlenecks have eased, and a steady NOK has softened price pressures at the border. The external backdrop is therefore working in Norges Bank’s favour as it seeks to bring inflation down.

The headline twist comes from electricity. The nationwide “Norgespris” scheme, which lowers household bills, will mechanically pull headline inflation down for a period, likely nudging total CPI close to target next year. The effect, however, will be temporary and uncertain. Once the level shift is absorbed, energy will cease to drag the headline rate lower. Much depends on the eventual take-up of “Norgespris” and on electricity prices beyond 2026, both of which remain unclear.

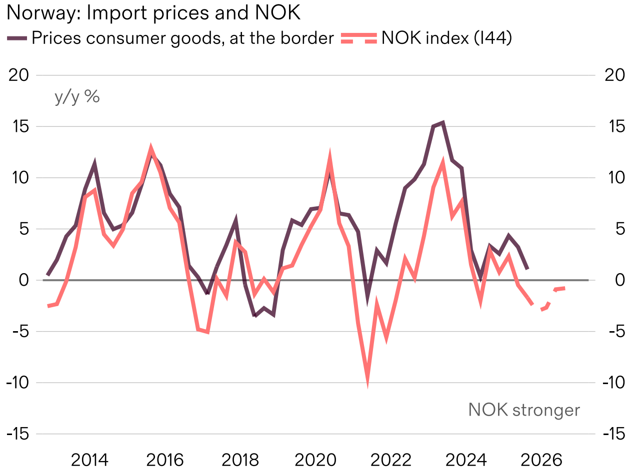
Core inflation will take longer to subside. Solid wage growth, rising real incomes and still-resilient demand for services suggest that underlying inflation will stay above target for some time, even as it gradually declines. Risks run both ways: a weaker NOK or renewed energy volatility could slow disinflation, while a sharper labour-market cooling or stronger productivity rebound would hasten it. Norges Bank is seeking clear evidence that domestic price pressures and wage dynamics are returning to the 2% path before easing policy much further.

Cost growth is slowly normalising, still above normal



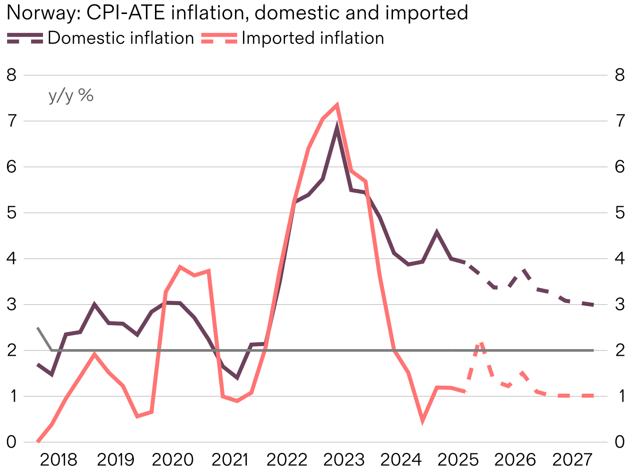
*Weighted average of Sweden, EMU and US
Sources: SCB, SSB, Eurostat, BLS, Malling & Macrobond

Import price impulses have faded, likely staying low



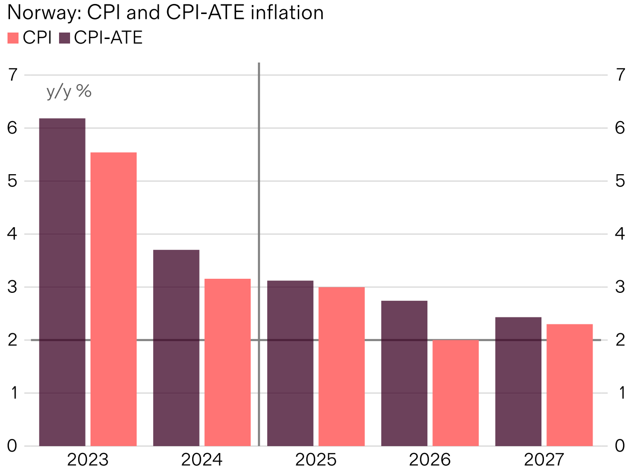
Sources: SSB, Malling & Macrobond

Domestic inflation will take time to bring down...



Sources: SSB, Malling & Macrobond

...so, core inflation to remain above 2%



Sources: SSB, Malling & Macrobond

Norway
Interest Rates

Downside risks to policy rates, but real rates likely higher than pre-pandemics

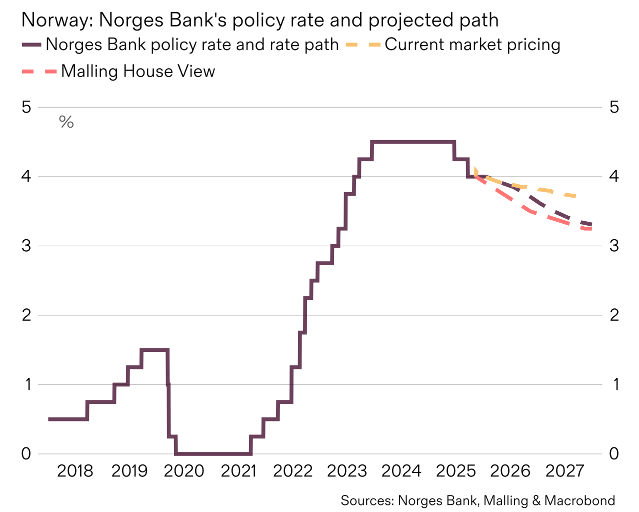
Norges Bank has cautiously begun its interest rate-cutting cycle, but sharp reductions seem unlikely as long as inflation stays above target and the labour market remains firm. After two cuts this year, bringing the policy rate to 4%, the Bank's projects a very gradual path, roughly one cut per year, reaching around 3.25% by the end of 2028. Markets are less convinced; pricing suggests only a little more than one cut, with the trough near 3.7%, while 5-year swap yields remain broadly anchored around current levels for several years.

Our baseline is slightly softer than that of Norges Bank. We expect two rate cuts in 2026 and one more in 2027, bringing the policy rate to 3.25%. With inflation and cost pressures set to ease further, and little risk of a rise in capacity utilization, it seems plausible that the Bank will ultimately ease more than its own projections or market pricing currently imply.

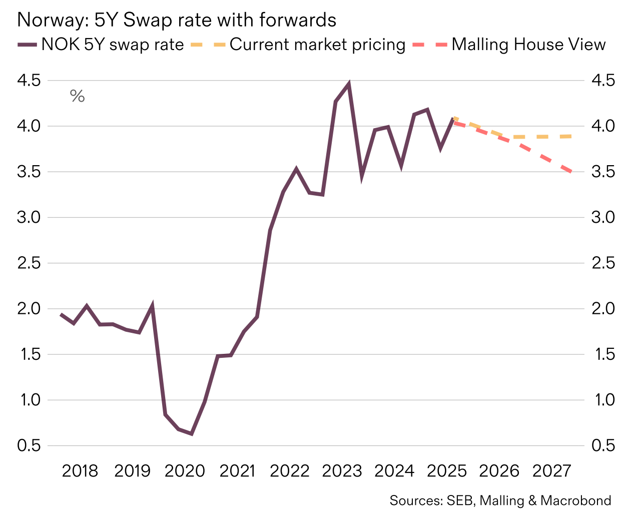
Even so, the structural backdrop points to higher real rates than in the pre-pandemic decade. A higher neutral rate and persistent term premia imply that financial conditions will stay tighter than in 2015–19, restraining credit growth even as policy rates fall. This stance supports disinflation and a soft landing, but it also suggests that credit-intensive sectors will struggle to drive the recovery unless real rates decline more materially over time. That, in turn, points to growing downside risks to policy rates as the economy becomes increasingly reliant on household consumption to sustain growth.

On the banking side, subdued credit demand, limited losses and a stronger push to expand loan books have compressed spreads on secured commercial real-estate lending. We expect margins to remain near current levels in the years ahead.

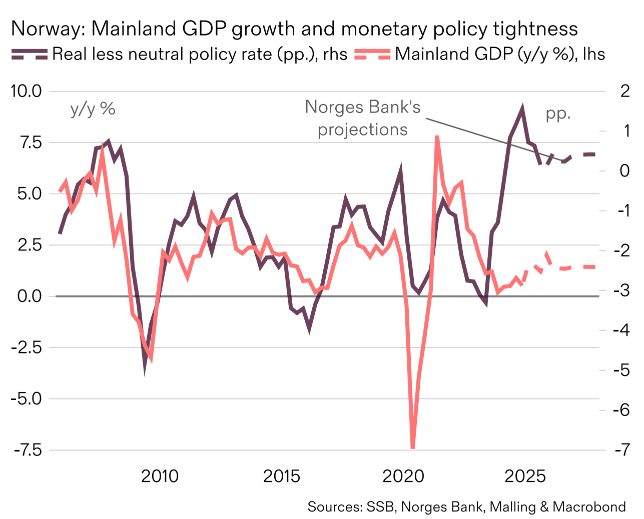
Norges Bank is seen to only gradually cut policy rates



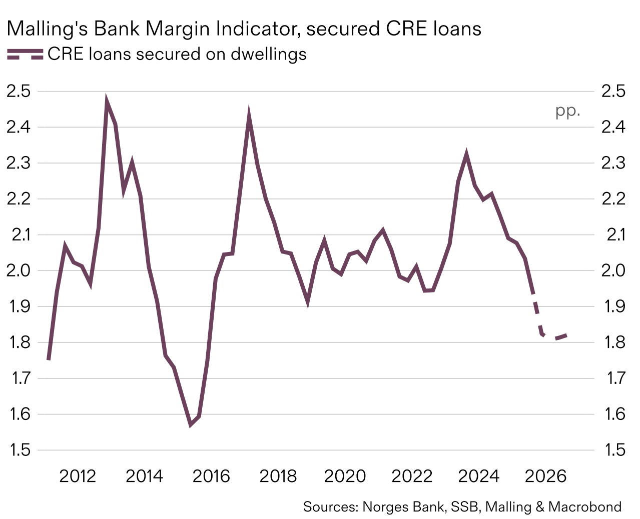
As a result, longer-dated swap yields will stay elevated



Tighter monetary policy is a big shift vs. pre-pandemic



Banks demand lower credit margins for real estate



Sectors

On behalf of the client Nordea Liv Eiendom, Malling & Co Forvaltning has taken over the property management of Kongens gate 2. The property is 4 189 sqm and is centrally located in Kvadraturen.

Sectors
Office

Rents up on earnings, but vacancies sustained by slow employment growth

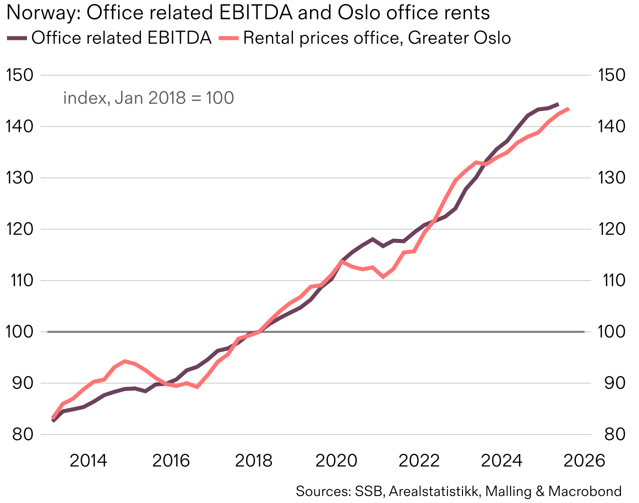
The office market is currently undergoing a period of increased fragmentation, with rental prices on the rise while employment remains the primary constraint on further growth. We observe that office rents is not only a function of employment, but also a result of its lessees' underlying profitability. When earnings in office related businesses are on the rise, so is the willingness to pay for workspaces, despite a moderate employment growth.

Office rental prices are rising, but the distance between the top segment and the lower-price market is recorded at its highest level, indicating a fragmented market also driven by high capex costs. We expect the current discrepancy to persist, with rental growth projected to remain moderate and broadly aligned with our CPI and construction cost expectations. Further slowing of employment growth could not be ruled out, with rising AI adoption, and should be seen as a downside risk to the office market in the years to come.

Looking at the office vacancy rate in greater Oslo, we expect a flat trajectory at levels not seen since 2012, with expectations on a slight decrease by year start of 2028. The demand side is constrained by a modest expected employment growth and a limited pent-up demand, but a low supply in terms of new added office space is preventing higher vacancy rates going forward.

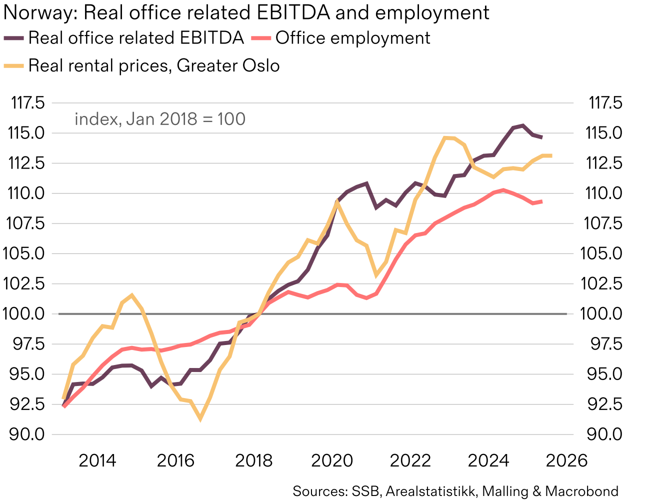
From 2027 onwards, the construction pipeline is projected to remain subdued, with new developments largely contingent upon the securing of pre-let commitments prior to construction start, as well as achieving rent levels sufficient to justify the project.

Office rental prices trending with operating profits



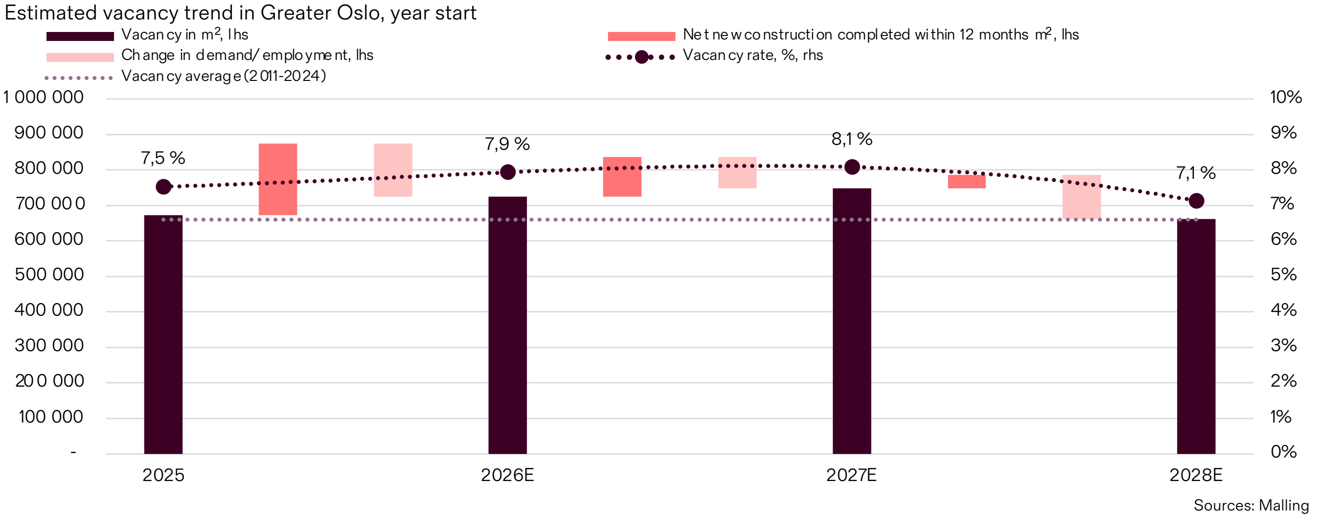
Sources: SSB, Arealstatistikk, Malling & Macrobond

Employment weakness weighs on real rental prices



Sources: SSB, Arealstatistikk, Malling & Macrobond

Vacancies: Slower office employment growth will be countered by limited new supply in coming years



Sources: Malling

Sectors
Office

Lease activity slows, but yields held down by equity-rich investors

Activity in the office market has slowed markedly, according to data from Arealstatistikk. Measured by the number of lease agreements, volumes are now at their lowest quarterly level since 2020, and, before that, since 2013. Although the total area leased remains only slightly below the historical average, the trend points to mounting challenges for landlords, as subdued leasing reflects both more cautious tenants and an increasingly selective demand environment.

Given the large number of lease expiries in 2027 and past market patterns, near-term activity is likely to centre on smaller spaces (<5 000 m2), as most larger tenants have already secured new leases. Major occupiers (>10 000 m2) usually enter the market about four years ahead of expiry, making the 2027 volume likely out of reach.

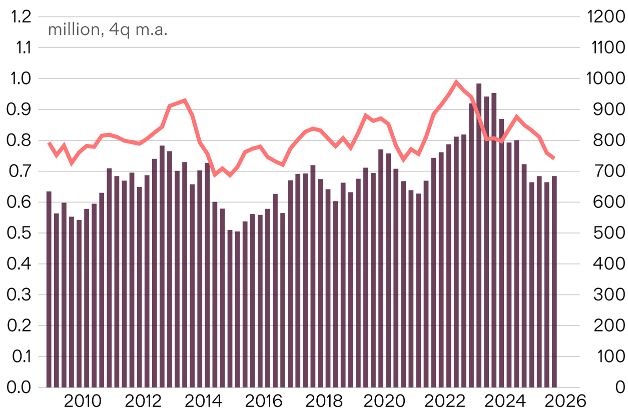
Rising construction costs and elevated capital expenditure have pushed break-even rents higher, rendering new development unviable in several parts of Greater Oslo. We expect this trend to continue, albeit at a more moderate pace, reflecting constrained developer returns and continued pressure on project viability.

For CBD prime yield assets, debt financing remains challenging, as the spread between quoted yields and total financing costs reached cyclical highs over the past year. Equity-rich investors continue to dominate, while leveraged buyers are pushed towards higher yielding assets or outside CBD. Consequently, projected yield developments are still highly sensitive to the inflow of unleveraged capital, reflecting the market's fragile capital structure dependency. As a result, we expect prime yields to remain flat while financings costs recede over the coming years.

Leasing activity has eased back to pre-pandemic levels

Lease activity by number and total square metres

m2 signed in Oslo, 4Q rolling, lhs — # signed in Oslo, 4Q rolling, rhs

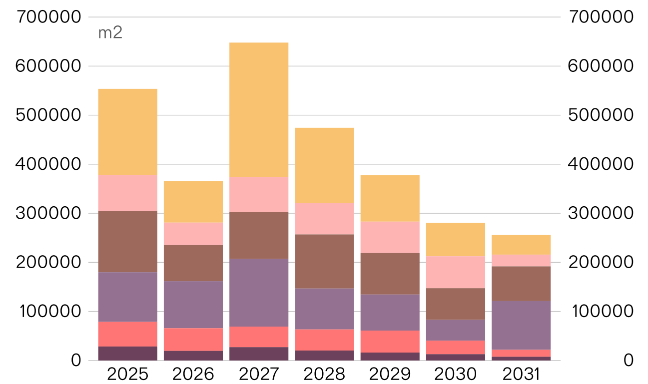


Sources: Arealstatistikk, Malling & Macrobond

Lease expiries signal near-term activity in smaller spaces

Lease expiries by square metres, known expiries. Greater Oslo

500 - 999 m2, 1 000 - 1 999 m2, 2 000 - 4 999 m2, 5 000 - 9 999 m2, 10 000 - 15 000 m2, 15 000 m2 +

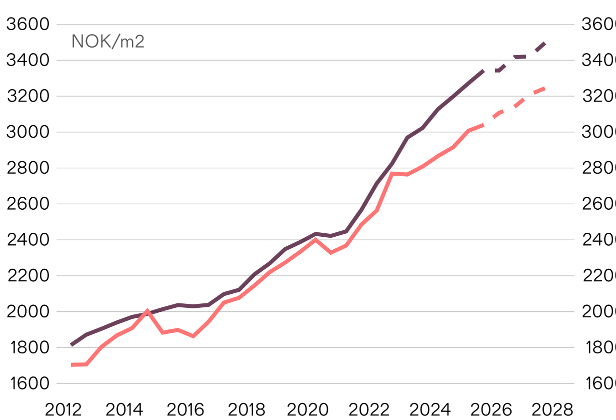


Sources: Malling & Macrobond

Increasing cost on new builds is limiting new supply

Estimated break even rent, CBD office

Break even rent, office — Average signing rate Greater Oslo



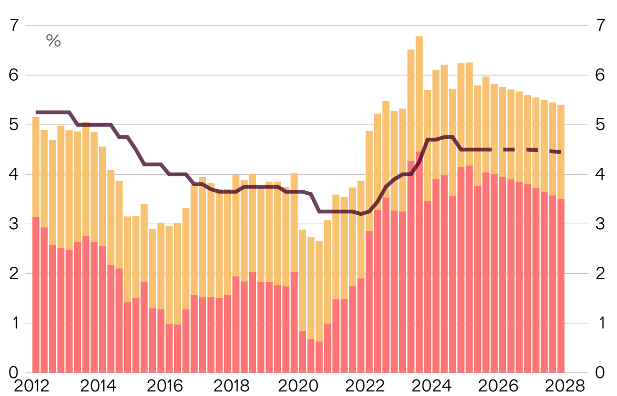
Sources: Arealstatistikk, Norsk Prisbok, Malling & Macrobond

Debt financing remains unviable for prime-yield assets

Norway: 5 year swap rates and bank margins vs CBD prime yield

5 year swap yield, Malling's CRE bank margin indicator

Malling Consensus Office CBD Prime Yield



Sources: SEB, Norges Bank, SSB, Malling & Macrobond

Sectors

Industrial & Logistics

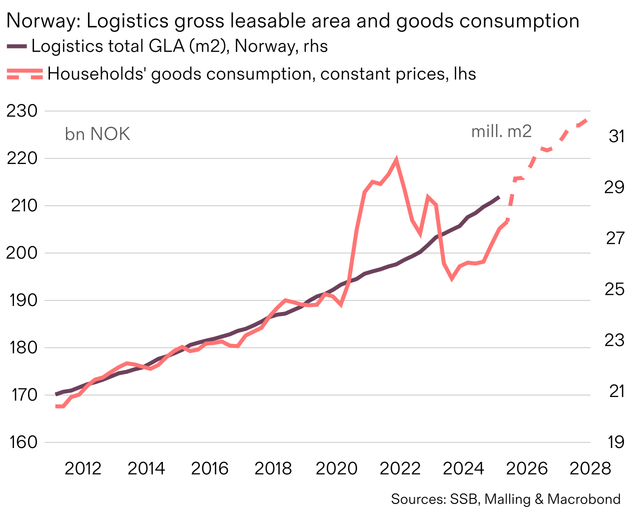
Renewed optimism: rental growth, declining vacancies, and yield compression

Historically, household goods consumption has been a key driver of logistics and industrial gross leasable area (GLA) growth. During the pandemic years with elevated demand, around 600,000 sqm of new space was added annually, peaking in 2022. After a period of below-trend consumption, activity is expected to normalise toward its long-term trajectory, implying renewed demand for logistics space.

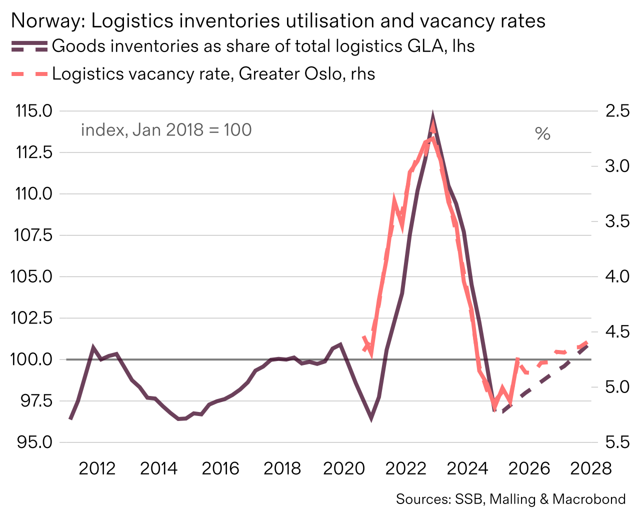
Inventory utilisation, measured as goods inventories relative to total logistics GLA, is expected to tighten over the forecast horizon, supported by recovering household consumption and restocking activity. E-commerce volumes continue to reach record highs, gradually compressing logistics vacancy rates across Eastern Norway. Beyond these cyclical tailwinds, nearshoring of inventory capacity and increased defence-related spending should support the sector over the longer term. Rising capacity utilisation is therefore likely to intensify operational tightness, putting upward pressure on effective rents and reinforcing rental growth momentum in the Greater Oslo logistics clusters. In addition, an estimated 25% below-market average for leases expiring next year offers further upside for reversionary rental growth.

Historical correlations between vacancy rates and yields in the logistics and office sectors point to a sustained pricing premium in offices. With vacancies expected to tighten and rents to rise in the industrial and logistics segment, yields increasingly attractive relative-value play, supported by both cyclical and structural tailwinds.

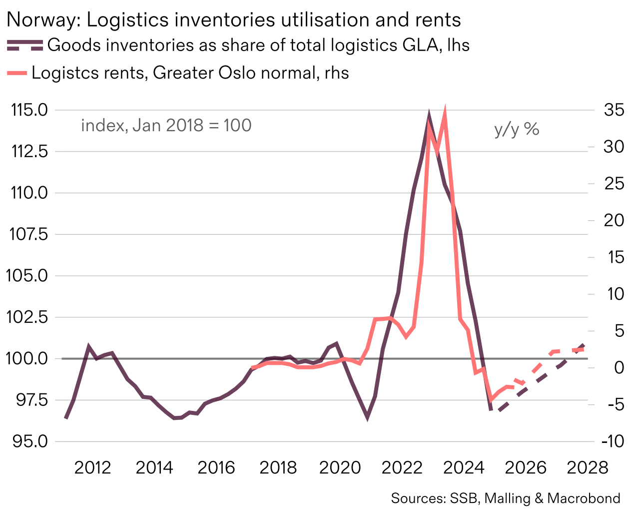
Goods consumption outlook suggests more GLA needed



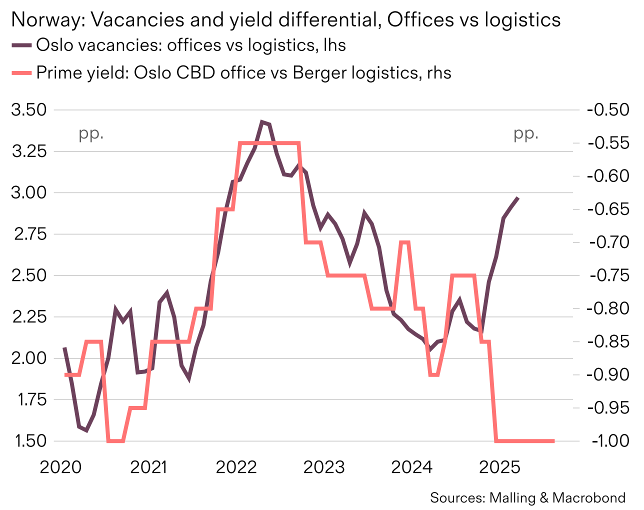
Rising inventories set to tighten logistics vacancies



Higher capacity utilisation will support rent growth



Relative to offices, yields should tighten in years ahead



Sectors
Retail

Higher real policy rates benefit spending as purchasing power has improved

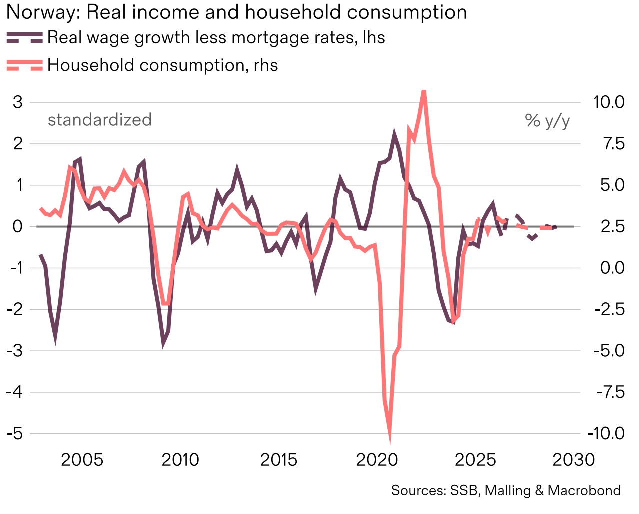
The retail sector spans several subsegments, but household consumption remains its principal driver. Strong real wage growth, combined with gradually lower mortgage rates, should lift retail spending in the coming years. With real policy rates likely to stay above pre-pandemic levels, households are also expected to shift more of their spending from housing investment toward retail goods and services, a trend that should further support consumer-oriented sectors.

As retail rents are largely driven by turnover-based lease structures, we observe a strong correlation with nominal household consumption. Consequently, retail rental growth is expected to move broadly in line with projected nominal consumption growth over the next two years. As spending strengthens, capacity utilisation is likely to tighten from current low levels, reflecting improving demand conditions.

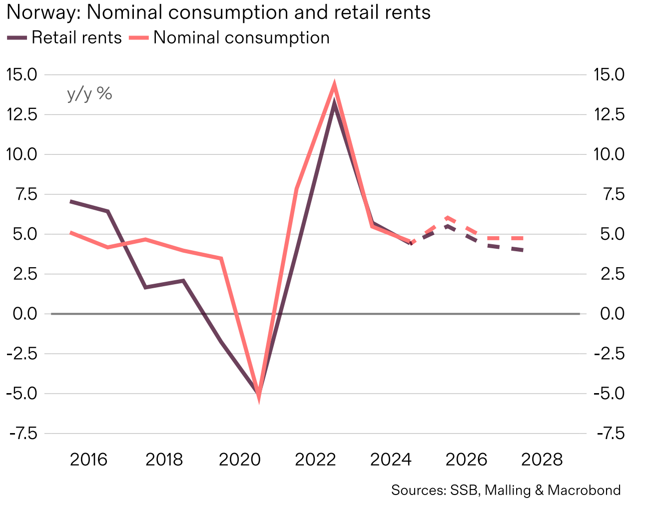
Higher utilisation typically supports greater pricing power and could generate gradual upward pressure on retail rents, alongside renewed interest in new developments. A beneficial margin outlook is moreover further backed by slowing imported goods inflation, supported by our view of a weaker USD in the years ahead.

Historical patterns between office and retail yields show a close link to the consumption share of mainland GDP. Over the past decade, a narrower yield gap has coincided with more robust retail performance. With office prime yields expected to remain broadly stable, retail yields are likely to benefit, supported by consumption growth and the link between retail performance and household spending.

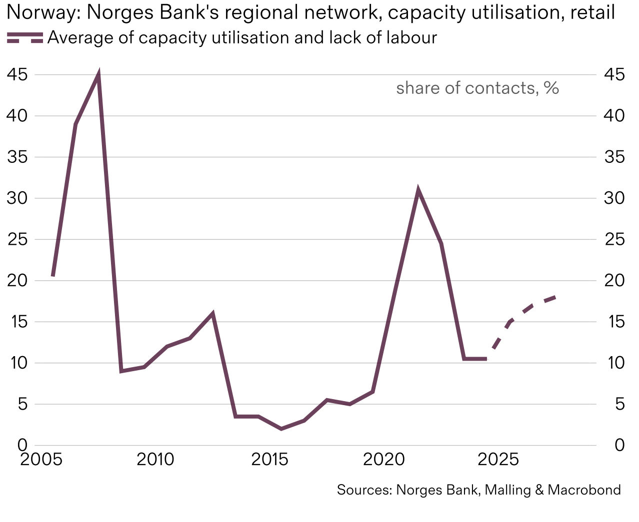
Households' purchasing power likely to increase ahead



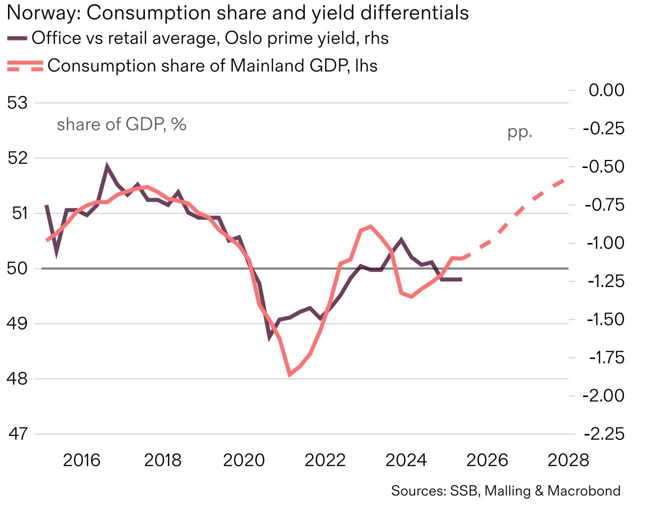
Rents have tracked consumption growth over time



Capacity utilisation is set to increase from low levels



Higher consumption growth benefits retail related yields



Hospitality

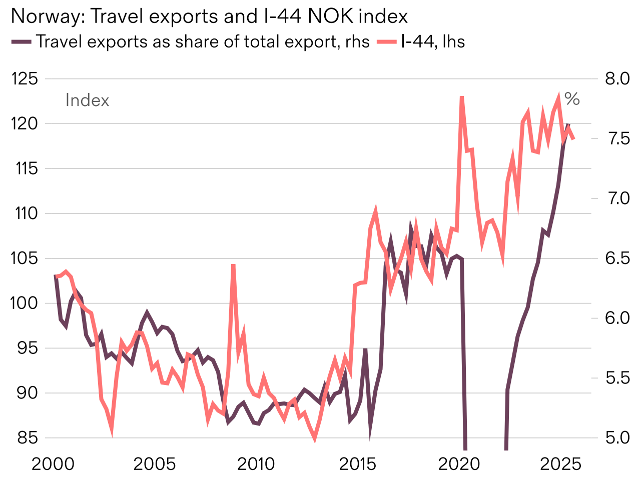
Strong growth, and future is still bright

Norway's hospitality sector has enjoyed a strong post-pandemic rebound, as travel demand has returned with a vengeance and "coolcation" has become a buzzword. Yet cost is another defining theme. The sector's performance has been closely tied to the NOK's decade-long depreciation, which has materially boosted inbound and foreign tourism. A weaker currency has reduced Norwegians' purchasing power abroad while enhancing Norway's appeal to foreign visitors, allowing the industry to benefit from both stronger domestic tourism and rising travel exports.

In relative terms, Norway has become less expensive than Denmark, improving its competitive position within the Nordic market. As a result, hotel RevPAR growth is expected to remain solid, underpinned by resilient occupancy and sustained pricing momentum. Notably, average daily rates (ADR) have risen broadly in line with European wage growth when measured in NOK, suggesting stronger purchasing power among European travellers and supporting continued demand.

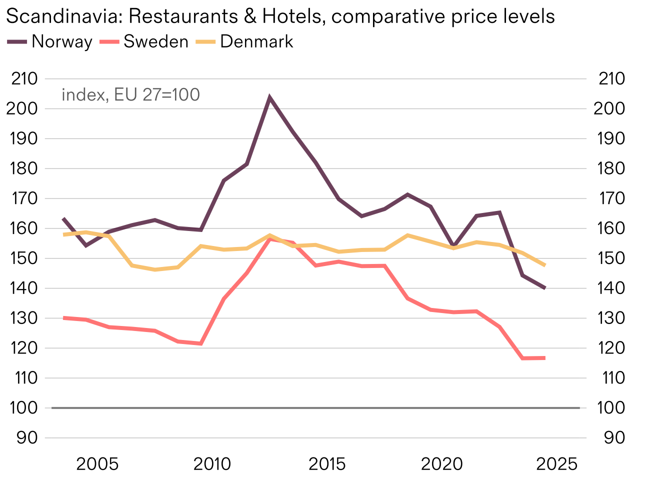
Although the projected hotel pipeline includes approximately 3,000 new rooms in 2026 and 2,500 in 2027, we expect the additional supply to be absorbed within the respective periods, supported by sustained demand growth and solid occupancy fundamentals. Potential regulation of Airbnb activity remains an upside risk for the sector. Meanwhile, the NOK is expected to stabilise around current levels, preserving Norway's relative price competitiveness and continuing to attract foreign travellers, thereby supporting both RevPAR resilience and yield stability.

A weaker NOK has resulted in more travel exports



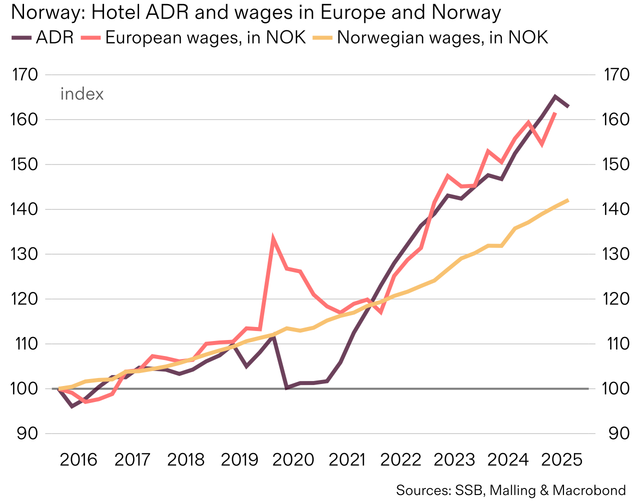
Sources: SSB, Malling & Macrobond

Norway has become less expensive for European visitors



Sources: Eurostat, Malling & Macrobond

Hotel room prices rising in line with European wages



Sources: SSB, Malling & Macrobond

The new supply will be absorbed also in years ahead

Sources: SSB, Malling & Macrobond

Sectors
Residential

Rents barely covering costs

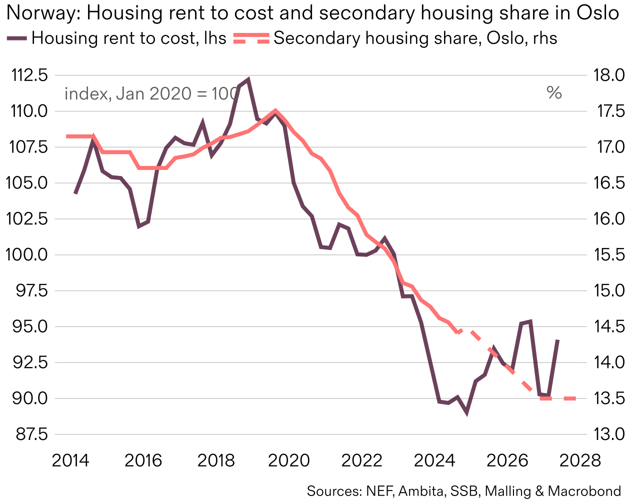
In Oslo, the share of secondary housing has declined in recent years as rents have not kept pace with financing and operating costs, leaving many owners with negative cash flow or only thin coverage of expenses. A notable shift has been the conversion of apartment buildings into housing cooperatives following the sale of individual units. Although the tax incentives that supported this model now have been revoked, a pipeline of such transactions remains, further reducing the stock of secondary housing in Oslo and adding pressure to the rental market.

Rents in Oslo have risen faster than wages in recent years as costs have surged. With demand likely to remain firm and rental supply set to edge lower, we expect rental growth to continue outpacing wage growth in the near term. On the other hand, added supply of owner-occupied homes from converted secondary properties and the return of first-time buyers should temper demand, while the high student share in the rental market continues to cap rent growth potential.

Real house prices in Oslo broadly track household purchasing power. Price growth generally moves in line with real income after mortgage costs, and with real wages expected to rise, real house prices are set to increase in the period ahead.

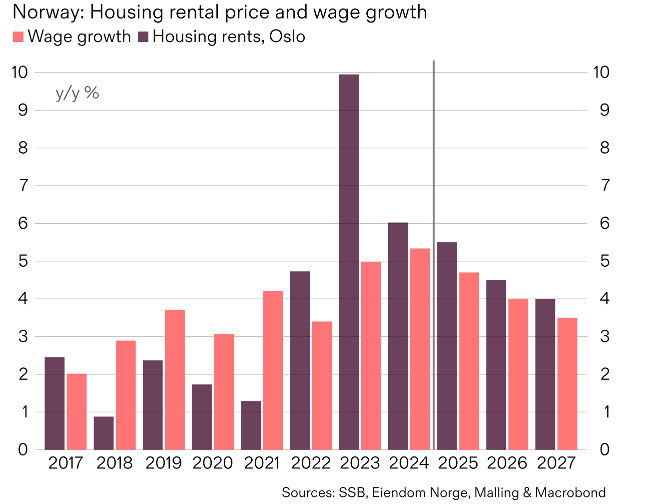
Construction activity, however, will stay subdued as profitability remains weak. Given modest gains in real prices, the outlook for new housing starts is cautious, with a gradual recovery the most likely path as developers weigh margins and allocate capital carefully, also on the back of current increasing bankruptcies among developers.

Higher owner costs have made rentals less lucrative



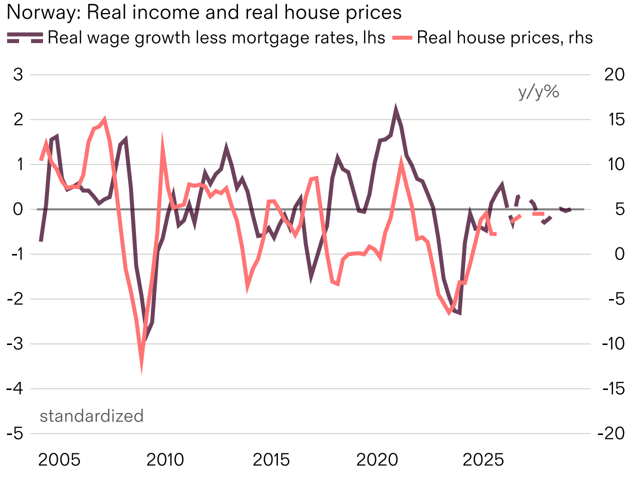
Sources: NEF, Ambita, SSB, Malling & Macrobond

Rents expected to rise slightly faster than wages



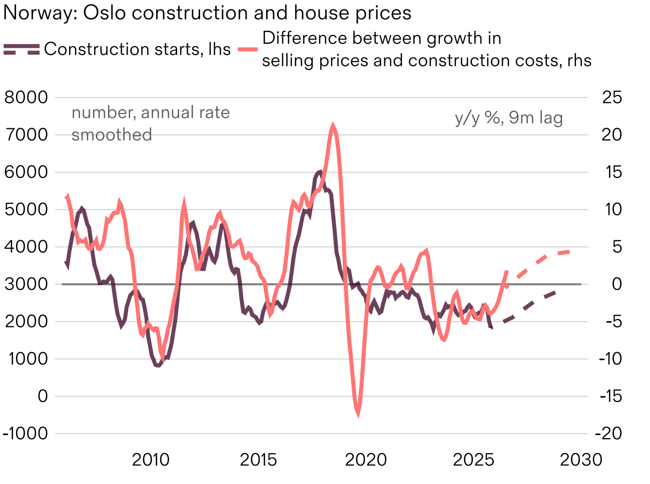
Sources: SSB, Eiendom Norge, Malling & Macrobond

House prices growing in line with purchasing power...



Sources: SSB, Eiendom Norge, Malling & Macrobond

...keeping new housing supply subdued for longer



Sources: SSB, Eiendom Norge, Malling & Macrobond

Regions

Malling & Co Drammen acted as sell-side advisor on behalf of Strømsø United/Dpend in the sales process of Strømsø Torg 4, approx. 8 400 sqm office and commercial space located in Strømsø district, Drammen.

Regions
Trondheim

Steady activity and resilient office market

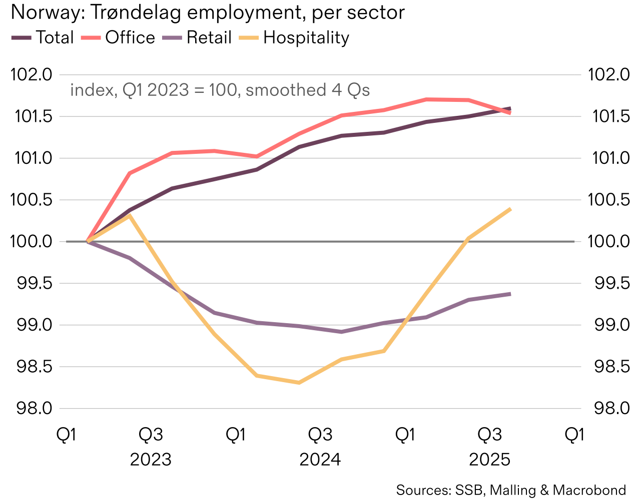
Following last year's record performance, transaction activity in Trøndelag has remained strong in 2025, with NOK 2.7 billion transacted year-to-date across 18 deals. Based on the current pipeline, full-year volume is projected to NOK 6 billion, signalling improved market liquidity and renewed investor confidence.

The office segment remains robust, though residential and logistics have increased their shares, driven mainly by transactions involving residential development land, many of which reflect partial or internal ownership restructurings. Overall, the uptick in activity is being led by equity-backed investors and opportunistic buyers targeting residential and logistics assets, signalling a selective but strengthening investment appetite across key segments.

Traditional property companies continue to dominate the buy side, while syndicators and institutional funds are gradually re-entering the market after several subdued years. Improved credit access and recalibrated yield expectations have helped restore transaction feasibility for these players.

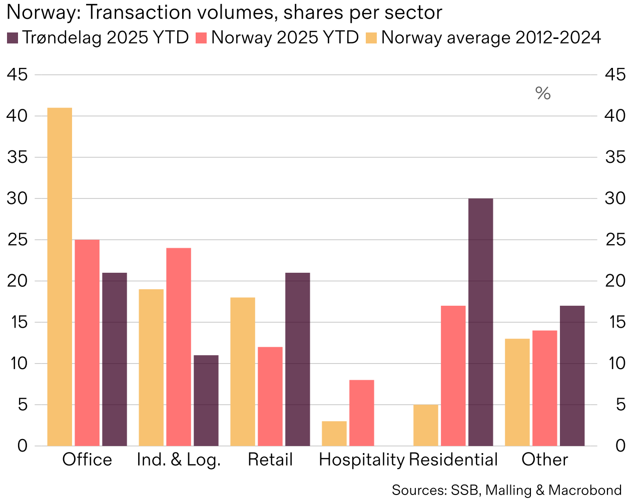
In the office rental market, Trondheim stands out among Norway's major cities. Office rents have risen by more than 20% over the past three years, outpacing inflation and supported by steady pre-leasing activity across the new-build pipeline. Despite ongoing developments, vacancy levels remain moderate, while construction has held up better than in other large urban areas. Residential prices, meanwhile, have been broadly flat for five years, reflecting a balanced market in which rental yields are higher, and sell-offs less frequent, than in Oslo.

Office employment has outperformed other sectors



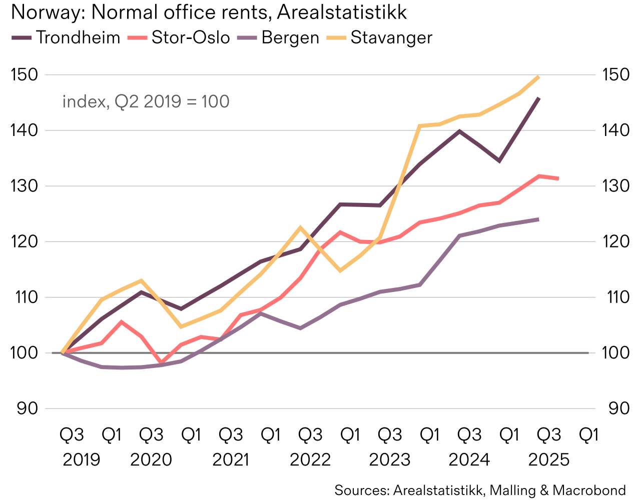
Sources: SSB, Malling & Macrobond

The office segment remains attractive in Trondheim



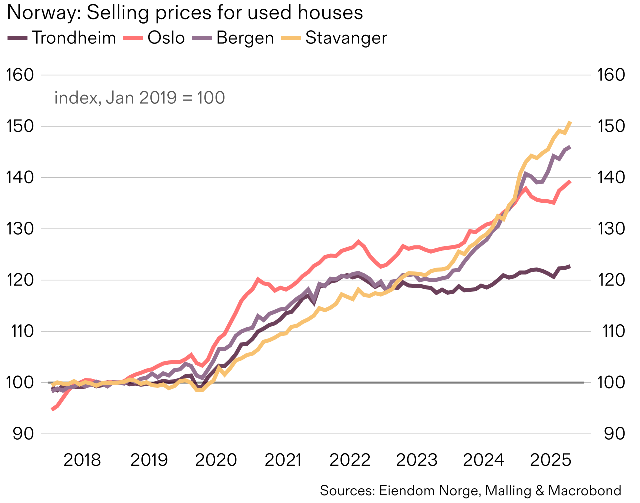
Sources: SSB, Malling & Macrobond

Office rents rise, matching oil-fuelled Stavanger



Sources: Arealstatistikk, Malling & Macrobond

House prices have barely shifted in five years



Sources: Eiendom Norge, Malling & Macrobond

Regions
Bergen

This section has been provided by WPS Næringsmegling in Bergen.
To check out more detail about the CRE market in Bergen → wps.no

Private strength, rising prime rents

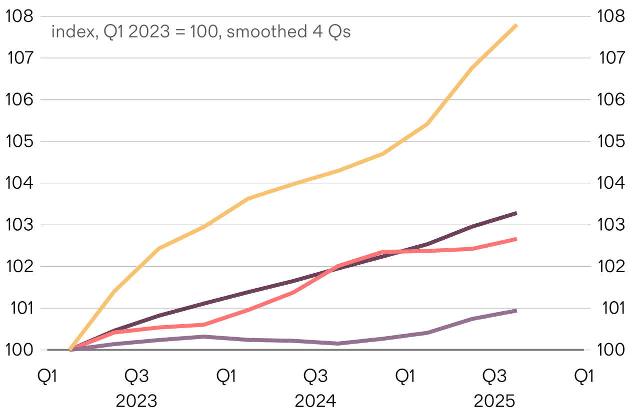
Employment in Bergen grew by 2.1% in the last year, driven by a 2.9% increase in the private sector, led by oil, gas, and tourism, while public sector growth remained modest at 0.5%. Strong private-sector momentum continues to underpin office demand, with employment expected to remain stable over the next year, supported by continued, albeit slower, investment in oil, gas, and power supply, and limited downside risk to occupier demand.

A key development in the current market is the emergence of several high-end new-build projects in central Bergen. These schemes, combined with elevated financing costs, are expected to place upward pressure on prime rents. Indicative rental levels in the city centre have reached NOK 3,900 per m² per year, with further growth toward the NOK 4,000 per m² per year threshold anticipated in the near term, supported by vacancy remaining below 6%.

Bergen's transaction market has remained strong in 2025, with NOK 8 billion recorded year-to-date, near its historical average of NOK 8-9 billion. Local investors account for over half of total volume, driven by improved credit access and appetite for larger, more complex assets, while national players remain active through portfolio deals. Professional real estate companies dominate the buy side, representing about 70 % of purchasers, well above the national average, as most acquisitions remain debt-financed given Bergen's favourable yield spread. Retail stands out, comprising 32 % of transactions, double its historical share, supported by investor confidence in rising real wages and improving retail fundamentals.

Job figures are strengthening in regional market

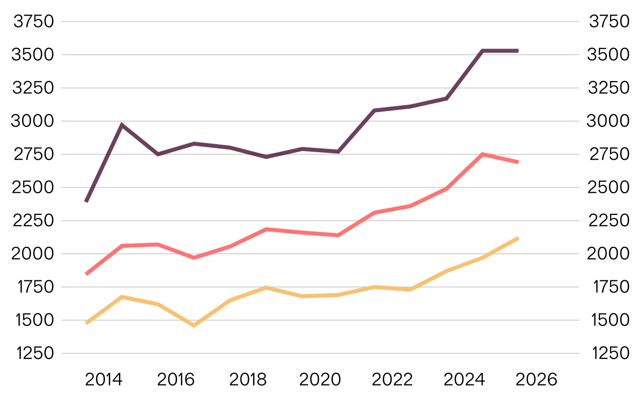
Norway: Vestland employment, per sector
Total, Office, Retail, Hospitality



Sources: SSB, Malling & Macrobond

Upward pressure on high-end new-build

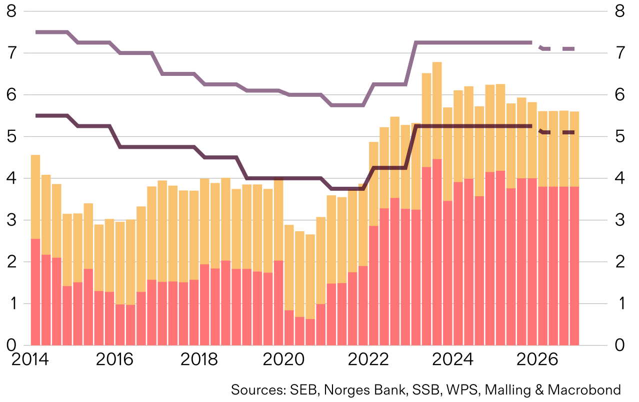
Average nominal office rents in Bergen (NOK/m²/yr)
Bergen Category A (top 15%), Bergen Category B (50-85%), Bergen Category C (10-50%)



Sources: Arealstatistikk, Malling & Macrobond

Improved credit access in Bergen prime assets

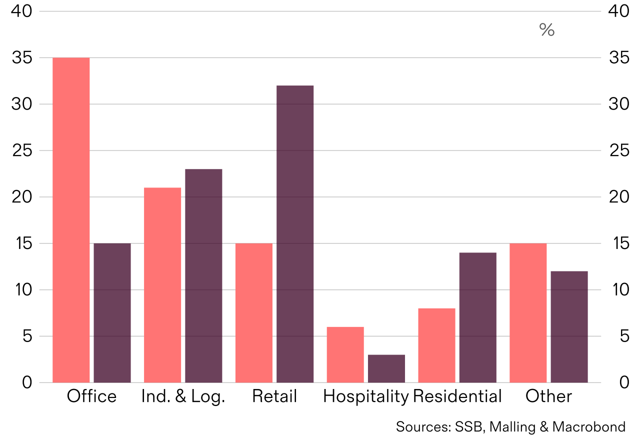
5 year swap rates + bank margins vs Bergen yields
5 year swap yield, Malling CRE Bank Margin indicator
WPS Bergen Normal Yield, WPS Bergen Prime Yield



Sources: SEB, Norges Bank, SSB, WPS, Malling & Macrobond

Retal and residential trends

Norway: Transaction volumes, shares per sector
Bergen 2025 YTD, Bergen average 2016-2024



Sources: SSB, Malling & Macrobond

Regions
Stavanger

Oil boom nears its end, with potential spillovers to real estate

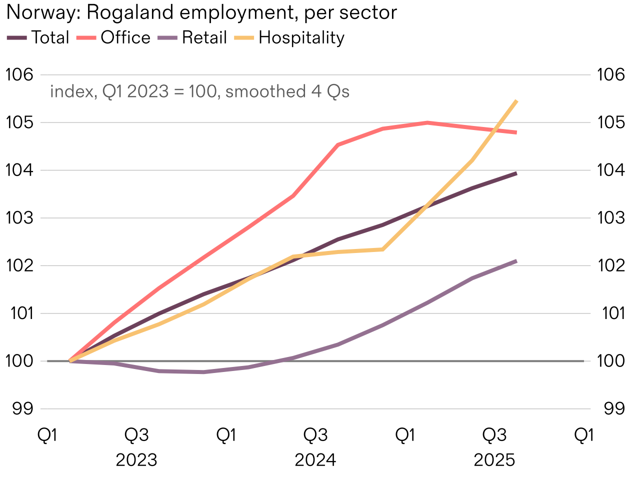
Rogaland has emerged as a clear outperformer in the current cycle, both in employment and overall growth. Office employment has risen faster than in other major regions, driven by the surge in oil investment since 2020, which has bolstered oil-related roles and created spillover effects across offices, business services, house prices and local consumption.

That engine now looks set to slow. Oil investment plans point to a gradual decline after the current peak, and employment linked to the oil sector is expected to ease with a lag. As the multiplier fades, office demand may soften, leading to slightly higher vacancy rates. Prime office yields in Stavanger have converged with those in Oslo during the boom, but spreads have historically widened as oil activity slows. Some widening therefore appears likely, though probably in measured steps.

The housing market tells a different story for now. Prices in Greater Stavanger have risen faster than construction costs, reopening a price cost gap that encourages new builds; construction starts are picking up from subdued levels. The durability of this upswing will depend on real income growth and the pace of monetary easing as the oil momentum fades.

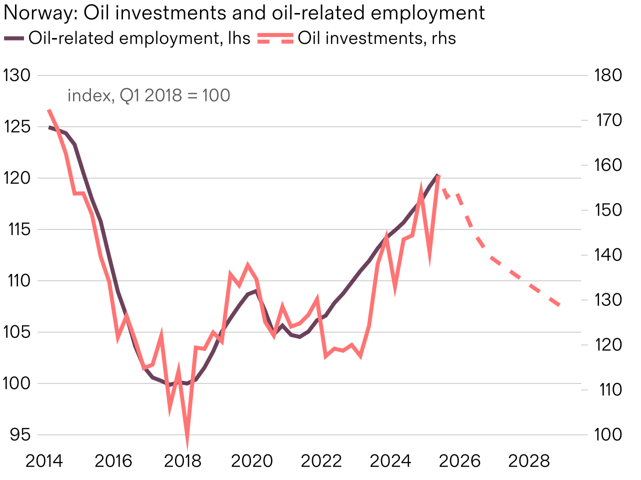
Despite falling oil investments, the need for cost reductions will likely not be anything compared to the 2014-downturn, as oil companies have factored in the temporality of this boom to a greater extent. This should cushion the headwind from lower investments activity and limit negative spillovers to real-estate segments. In line with the overall outlook for Norway, logistics and retail are expected to remain resilient, while the hospitality sector continues to enjoy strong prospects.

Office employment growth has been strong in Rogaland



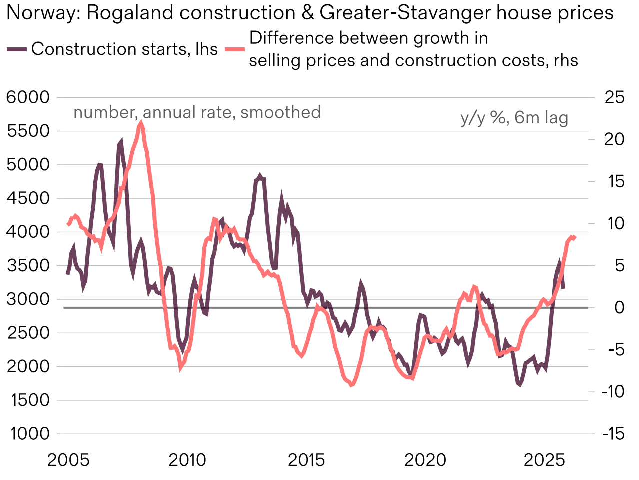
Sources: SSB, Malling & Macrobond

Much of the increase is ascribed to the oil boom



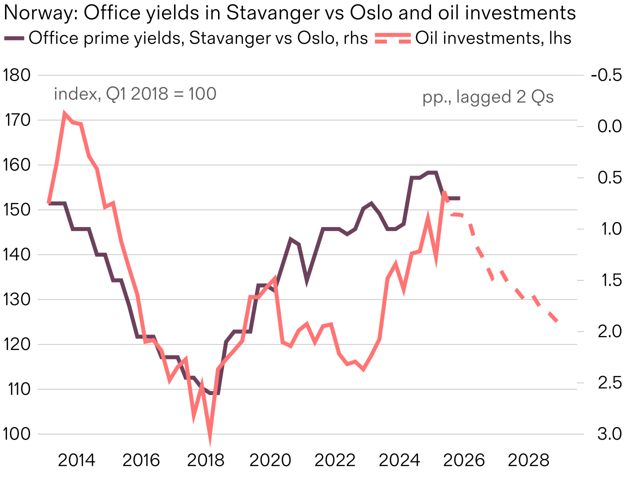
Sources: SSB, Malling & Macrobond

House price increases has fuelled more new-builds



Sources: SSB, Malling & Macrobond

Outlook for a widening in prime office yields vs Oslo



Sources: SSB, Malling & Macrobond

Regions
Drammen

Strategically placed between Kongsberg and Oslo

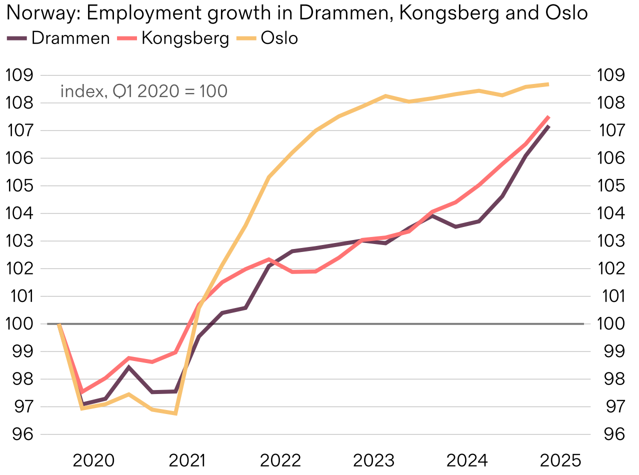
Drammen has recorded robust employment growth in recent years, catching up with levels seen in Oslo, much of it driven by organic expansion among established firms and public sector. Office vacancy has risen modestly, largely reflecting new supply. Tenants continue to gravitate toward modern buildings, though vacancy in existing stock remains low, signalling sustained demand for well-located office space.

Prime office asset values in Drammen have largely followed national trends, with equity investors maintaining support for prime yields. The market remains selective yet active, with the yield differential relative to Oslo attracting investor interest to Drammen and Oslo fringe areas. Office yields show a clear gradient, rising with distance from Oslo Central Station- a reflection of location-driven risk and return dynamics. In Drammen's transaction market, centrally located, high-quality assets with strong tenant covenants continue to attract attention, underscoring sustained demand for well-positioned, income-generating properties.

The logistics sector represents a significant component of the Drammen region's landscape, particularly given its high share of combined-use (combi) space. Anticipated continued growth in the Kongsberg area is expected to support stronger logistics demand, with rents likely to rebound to post-pandemic levels. Drammen's strategic location and competitive pricing underpin market interest, although leasing remains fragmented across subsegments.

Employment growth has been on the rise in Drammen

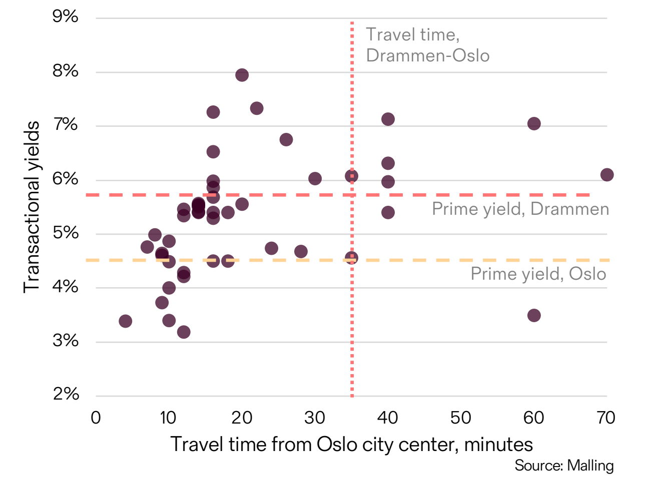
Norway: Employment growth in Drammen, Kongsberg and Oslo



Sources: SSB, Malling & Macrobond

Office yields increase with travel distance to Oslo

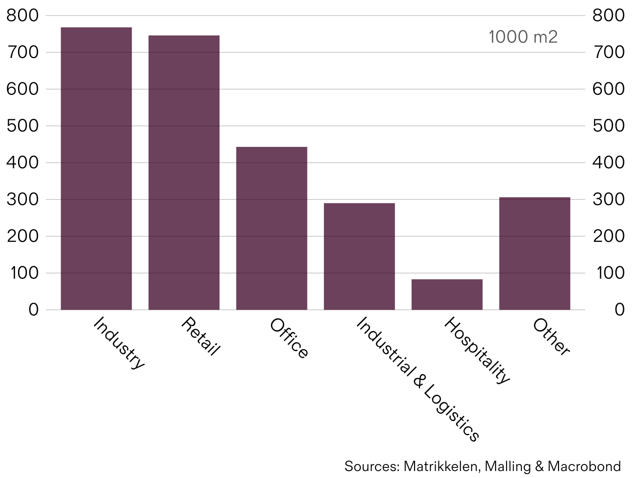
Norway: Office transaction yields and travel to Oslo city centre, YTD 2025



Source: Malling

Logistics remain strategically important around Drammen

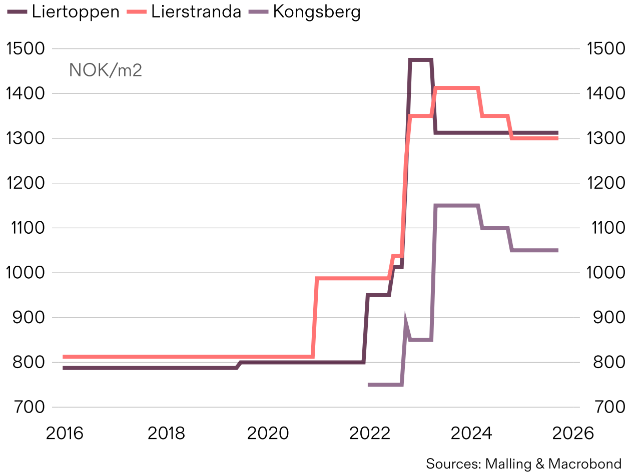
Drammen: Registered area per sector



Sources: Matrikkelen, Malling & Macrobond

We expect logistics rents to rise again

Norway: Normal logistics rents in Drammen area



Sources: Malling & Macrobond

Investment Market

Malling Investments, together with Zetland Capital and Midgard Partners, have since Q4 2024 acquired a total of 17 residential assets comprising 506 apartments across Oslo city centre. Malling Investments and Midgard Partners are acting as buy-side advisor, asset manager and joint venture partner on behalf of Zetland Capital.

Investment Market
Transactions

Equity-rich investors dominate a normalising market

Total transactions in the Norwegian commercial real estate market currently stand at around NOK 59,5bn year to date, while our estimate for the full year is closer to NOK 90bn. Following two years of subdued activity, marked by sharp interest rate increases and rising costs, 2025 is heading towards a more normal year in terms of transaction volume. Beneath the headline figures, however, there are notable shifts in both sector composition and investor profiles.

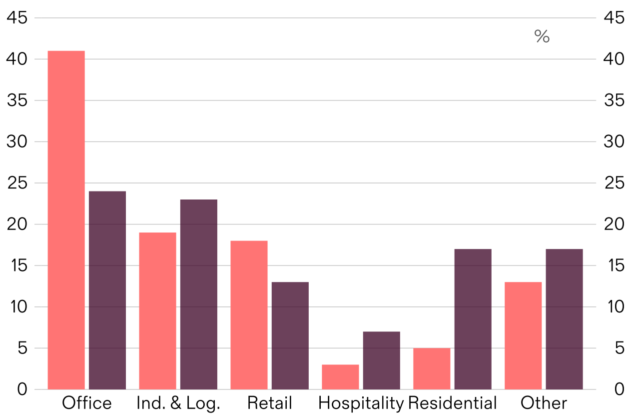
Office transactions, which have historically made up around 40 percent of total volume, account for only about 25% so far this year. By contrast, industrial and logistics, residential and hospitality assets have all increased their relative shares, a trend we expect to continue. The largest increase has been in the residential segment, where activity has been driven by the conversion of apartment buildings into housing cooperatives and subsequent unit sales due to tax incentives. Even with recent legislative changes, more such transactions appear to be in the pipeline.

The investor mix has also shifted, with a growing share of deals now driven by unleveraged capital, notably from life insurers and syndicates. Strong equity-market returns have prompted portfolio rebalancing, directing more funds into commercial real estate, particularly to Oslo office assets. This has helped keep office prime yields stable, although high global equity valuations pose a risk to continued inflows. Based on trends in vacancies, yields, financing conditions and rents, our transaction model points to a gradual rise in transaction volumes in the coming years, surpassing NOK 100 billion by 2027 as the market normalises and leveraged funds regain shares.

Office volume shares down, hospitality and residential up

Norway: Transaction volumes, shares per sector

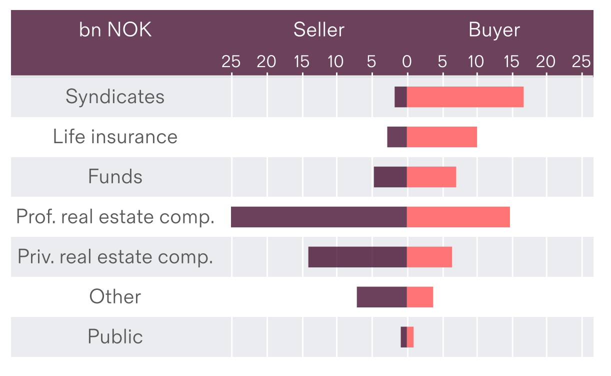
■ 2025 YTD ■ Average 2012-2024



Sources: SSB, Malling & Macrobond

Equity-rich investors make up a larger share of volumes

Norway: Transactions by investor type, 2025 YTD



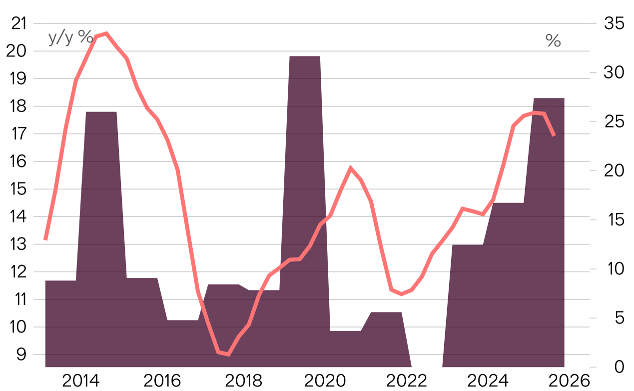
Sources: Malling & Macrobond

Strong returns on equities increase the need for CRE

Norway: Global returns and LICs' share of Oslo office transactions

■ Life insurance companies' share of Oslo office transactions, rhs

— Global 60/40 portfolio annual returns, 3y smoothing, NOK, lhs

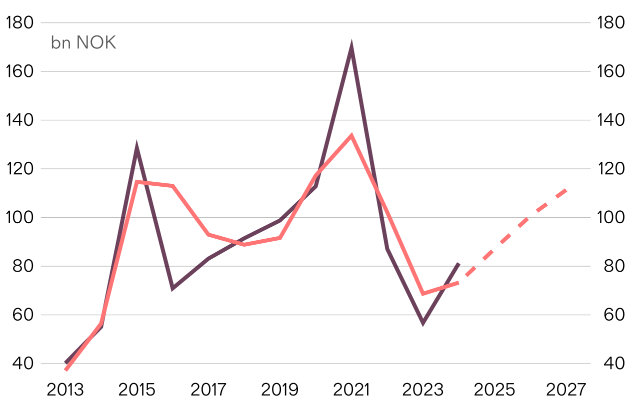


Sources: Malling & Macrobond

Transaction volume set to increase

Norway: Malling CRE Transaction model

— Actual CRE transactions - - Model*



*model on prime yield, bank margins, vacancies, rents

Sources: Arealstatistikk, SSB, Norges Bank, Malling & Macrobond

Investment Market
Transactions

Foreign share of transactions is low, with yield gap among the tightest in Europe

Across Norway's major cities, prime office yields have traditionally been lowest in Oslo. That remains the case today, with the spread versus the average for Bergen, Stavanger, Drammen and Trondheim close to its historical mean.

While unleveraged funds have dominated the Oslo market, leveraged funds have identified better opportunities outside the city centre. Given the funding cost situation, it would be fair to argue that the spread should have been wider. However, both employment and office rent growth has been better outside the capital, likely underpinning a prime yield spread of slightly below one percentage point.

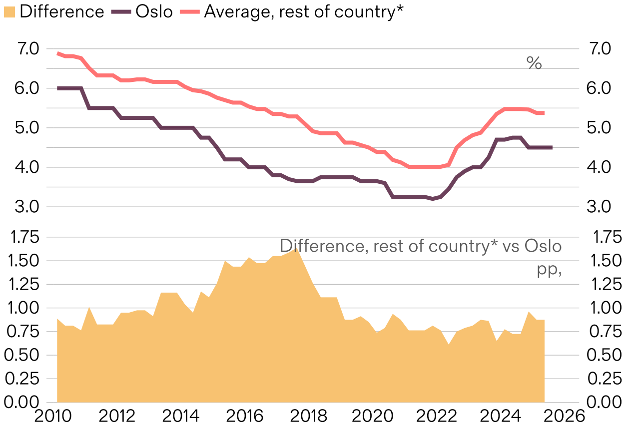
In terms of foreign investment interest, this year is set to mark a low point. Norway's commercial real estate market has not managed to meaningfully attract foreign funds this year, as the foreign investors account for only around 10% of total transactions (100% ownership of the asset).

Across sectors, hospitality has accounted for about 1/3 of all foreign transactions, well above the average of the past decade. In sharp contrast, no foreign deals have been recorded in the office, while activity in industrial and logistics is slightly lower than with historical norms.

Limited foreign interest in the office sector is largely due to Norway's prime yield gap remaining among the lowest in Europe and expensive FX hedging. With only a gradual widening of the yield gap for Oslo offices expected, foreign capital inflows are likely to remain modest, though marginally improved, in the years ahead.

Office yield spread for Oslo vs. the rest is quite normal

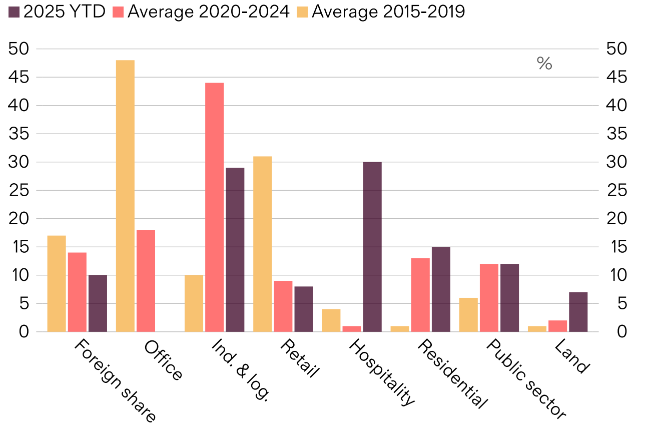
Norway: Office prime yields in Oslo and average of rest of country*



*Average of Drammen, Stavanger, Bergen and Trondheim
Sources: Malling & Macrobond

Foreign inflow of capital has been very low this year

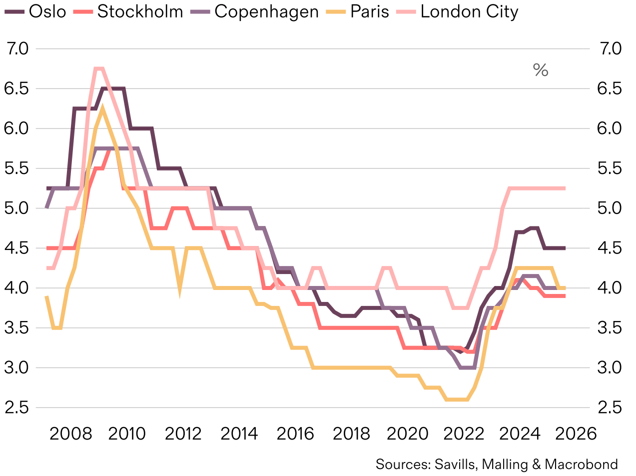
Norway: Foreign transaction shares, total and across sectors*



*Sectors summarises to 100%. Only transactions where foreigners take 100% is counted
Sources: Malling & Macrobond

Prime office yields in Oslo higher than Nordics, Paris

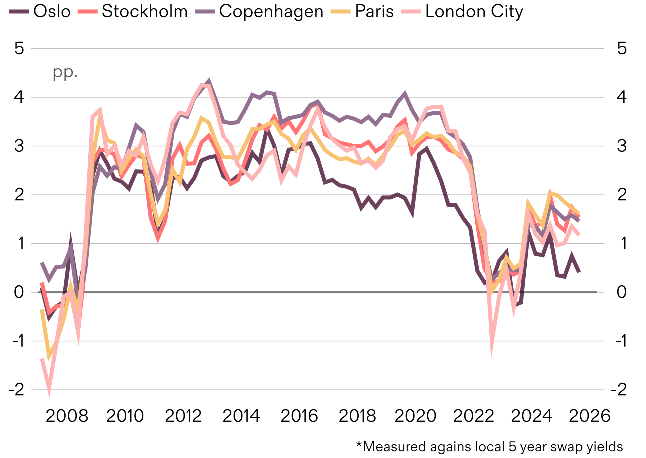
Europe: Office prime yields in different cities



Sources: Savills, Malling & Macrobond

But yield gaps have been tighter in Oslo past ten years

Europe: Office prime yield gaps* in different cities



*Measured agains local 5 year swap yields
Sources: Savills, Malling & Macrobond

Team

Rådhuspassasjen, Oslo – Malling & Co Eiendomsutvikling is managing the project on behalf of Nordea Liv Eiendom. The project is a complete rehabilitation of the property and aims to restore it to its original apperance as built in the 1930s. The project has high environmental ambitions and aims to achieve BREEAM Nor Excellent. The area is approximately 10,000 sqm.

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What we offer at Malling & Co Research and Valuation

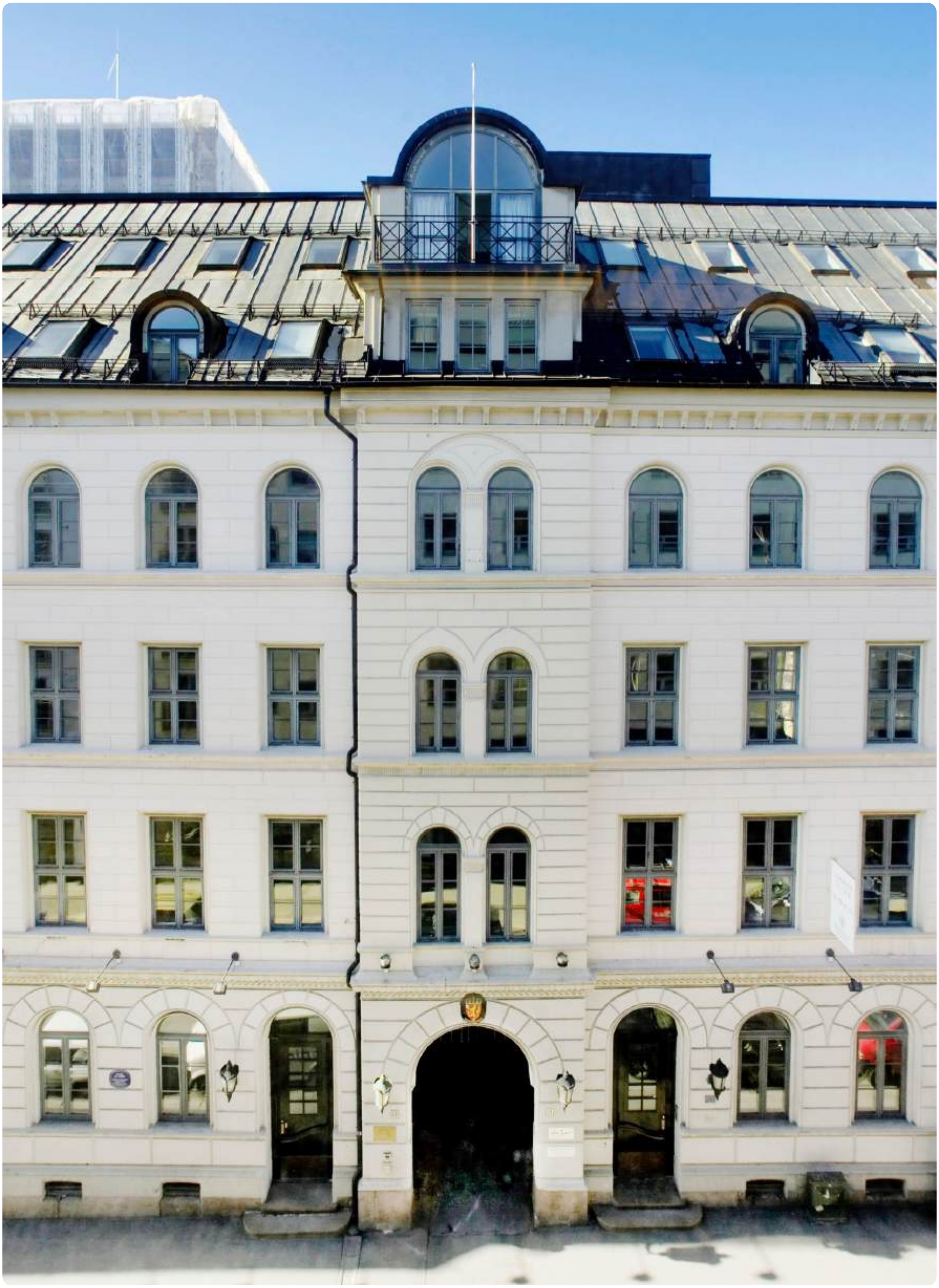
Malling & Co Research and Valuation is an integrated division of Malling, the market's most innovative and complete commercial real estate advisor. The division consists of 16 analysts and advisors who manage our research product and house view and support clients both directly and in collaboration with the firm's Capital Markets, Investments, and Property Management divisions.

Working across the entire Malling organisation provides us with deep insight into all aspects of the commercial real estate market, as well as a strong commercial understanding that underpins our research, valuation and advisory services. Our extensive coverage of the Norwegian commercial real estate market serves as the foundation for our work.

Core services include:

- Strategic advisory for single assets and portfolios
- Tailored market research
- Certified valuation services for all types of commercial and development properties
- Market data at property and cluster level
- Bespoke financial modelling
- Commercial advisory
- Rental value assessments
- Profitability and scenario analyses

We tailor the scope and complexity of our deliverables to each property and client's needs. Our objective is to create value by identifying opportunities and challenges and proposing initiatives that drive value creation.



Malling & Co Energi og Miljø AS has been appointed as the sustainability advisor and ITB Manager by Selvaag Eiendom for their development project at Dronningens gate 13, a historic property in Oslo comprising approximately 15,000 m².

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